

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 1776**

**OFFERED BY MR. LAZIO**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “American Homeownership and Economic Opportunity  
4 Act of 2000”.

5 (b) TABLE OF CONTENTS.—The table of contents for  
6 this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Findings and purpose.

TITLE I—REMOVAL OF BARRIERS TO HOUSING AFFORDABILITY

Sec. 101. Short title.

Sec. 102. Housing impact analysis.

Sec. 103. Grants for regulatory barrier removal strategies.

Sec. 104. Eligibility for community development block grants.

Sec. 105. Regulatory barriers clearinghouse.

TITLE II—HOMEOWNERSHIP THROUGH MORTGAGE INSURANCE  
AND LOAN GUARANTEES

Sec. 201. Study of mandatory inspection requirement under single family housing mortgage insurance program.

Sec. 202. Extension of loan term for manufactured home lots.

Sec. 203. Neighborhood teacher program.

Sec. 204. Law enforcement officer homeownership pilot program.

Sec. 205. Home equity conversion mortgages.

Sec. 206. Preventing fraud in rehabilitation loan program.

Sec. 207. Report on title I home improvement loan program.

TITLE III—SECTION 8 HOMEOWNERSHIP OPTION

Sec. 301. Downpayment assistance.

Sec. 302. Pilot program for homeownership assistance for disabled families.

TITLE IV—COMMUNITY DEVELOPMENT BLOCK GRANTS

## 2

- Sec. 401. Reauthorization.
- Sec. 402. Prohibition of set-asides.
- Sec. 403. Homeownership for municipal employees.
- Sec. 404. Technical amendment relating to brownfields.
- Sec. 405. Income eligibility.
- Sec. 406. Housing opportunities for persons with AIDS.

## TITLE V—HOME INVESTMENT PARTNERSHIPS PROGRAM

- Sec. 501. Reauthorization.
- Sec. 502. Eligibility of limited equity cooperatives and mutual housing associations.
- Sec. 503. Leveraging affordable housing investment through local loan pools.
- Sec. 504. Loan guarantees.
- Sec. 505. Homeownership for municipal employees.

## TITLE VI—LOCAL HOMEOWNERSHIP INITIATIVES

- Sec. 601. Reauthorization of Neighborhood Reinvestment Corporation.
- Sec. 602. Homeownership zones.
- Sec. 603. Lease-to-own.
- Sec. 604. Local capacity building.
- Sec. 605. Consolidated application and planning requirement and super-NOFA.
- Sec. 606. Assistance for self-help housing providers.
- Sec. 607. Housing counseling organizations.

## TITLE VII—INDIAN HOUSING HOMEOWNERSHIP

- Sec. 701. Lands Title Report Commission.
- Sec. 702. Loan guarantees for Indian housing.
- Sec. 703. Native American housing assistance.

## TITLE VIII—TRANSFER OF UNOCCUPIED AND SUBSTANDARD HUD-HELD HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY DEVELOPMENT CORPORATIONS

- Sec. 801. Transfer of unoccupied and substandard HUD-held housing to local governments and community development corporations.

## TITLE IX—PRIVATE MORTGAGE INSURANCE CANCELLATION AND TERMINATION

- Sec. 901. Short title.
- Sec. 902. Changes in amortization schedule.
- Sec. 903. Deletion of ambiguous references to residential mortgages.
- Sec. 904. Cancellation rights after cancellation date.
- Sec. 905. Clarification of cancellation and termination issues and lender paid mortgage insurance disclosure requirements.
- Sec. 906. Definitions.

## TITLE X—RURAL HOUSING HOMEOWNERSHIP

- Sec. 1001. Promissory note requirement under housing repair loan program.
- Sec. 1002. Limited partnership eligibility for farm labor housing loans.
- Sec. 1003. Project accounting records and practices.
- Sec. 1004. Operating assistance for migrant farmworkers projects.
- Sec. 1005. Elimination of housing preservation grants allocation formula.
- Sec. 1006. Multifamily rental housing loan guarantee program.

Sec. 1007. Enforcement provisions.

Sec. 1008. Amendments to title 18 of the United States Code.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) the priorities of our Nation should include  
4 expanding homeownership opportunities by providing  
5 access to affordable housing that is safe, clean, and  
6 healthy;

7 (2) our Nation has an abundance of conven-  
8 tional capital sources available for homeownership fi-  
9 nancing; and

10 (3) experience with local homeownership pro-  
11 grams has shown that if flexible capital sources are  
12 available, communities possess ample will and cre-  
13 ativity to provide opportunities uniquely designed to  
14 assist their citizens in realizing the American dream  
15 of homeownership.

16 (b) PURPOSE.—It is the purpose of this Act—

17 (1) to encourage and facilitate homeownership  
18 by families in the United States who are not other-  
19 wise able to afford homeownership; and

20 (2) to expand homeownership through policies  
21 that—

22 (A) promote the ability of the private sec-  
23 tor to produce affordable housing without exces-  
24 sive government regulation;

1 (B) encourage tax incentives, such as the  
2 mortgage interest deduction, at all levels of gov-  
3 ernment; and

4 (C) facilitate the availability of flexible  
5 capital for homeownership opportunities and  
6 provide local governments with increased flexi-  
7 bility under existing Federal programs to facili-  
8 tate homeownership.

9 **TITLE I—REMOVAL OF BAR-**  
10 **RIERS TO HOUSING AFFORD-**  
11 **ABILITY**

12 **SEC. 101. SHORT TITLE.**

13 This title may be cited as the “Housing Affordability  
14 Barrier Removal Act of 1999”.

15 **SEC. 102. HOUSING IMPACT ANALYSIS.**

16 (a) **APPLICABILITY.**—The requirements of this sec-  
17 tion shall apply with respect to—

18 (1) any proposed rule, unless the agency pro-  
19 mulgating the rule—

20 (A) has certified that the proposed rule  
21 will not, if given force or effect as a final rule,  
22 have a significant deleterious impact on housing  
23 affordability; and

24 (B) has caused such certification to be  
25 published in the Federal Register at the time of

1 publication of general notice of proposed rule-  
2 making for the rule, together with a statement  
3 providing the factual basis for the certification;  
4 and

5 (2) any final rule, unless the agency promul-  
6 gating the rule—

7 (A) has certified that the rule will not, if  
8 given force or effect, have a significant delete-  
9 rious impact on housing affordability; and

10 (B) has caused such certification to be  
11 published in the Federal Register at the time of  
12 publication of the final rule, together with a  
13 statement providing the factual basis for the  
14 certification.

15 Any agency making a certification under this subsection  
16 shall provide a copy of such certification and the state-  
17 ment providing the factual basis for the certification to  
18 the Secretary of Housing and Urban Development.

19 (b) STATEMENT OF PROPOSED RULEMAKING.—  
20 Whenever an agency publishes general notice of proposed  
21 rulemaking for any proposed rule, unless the agency has  
22 made a certification under subsection (a), the agency  
23 shall—

24 (1) in the notice of proposed rulemaking—

1 (A) state with particularity the text of the  
2 proposed rule; and

3 (B) request any interested persons to sub-  
4 mit to the agency any written analyses, data,  
5 views, and arguments, and any specific alter-  
6 natives to the proposed rule that—

7 (i) accomplish the stated objectives of  
8 the applicable statutes, in a manner com-  
9 parable to the proposed rule;

10 (ii) result in costs to the Federal Gov-  
11 ernment equal to or less than the costs re-  
12 sulting from the proposed rule; and

13 (iii) result in housing affordability  
14 greater than the housing affordability re-  
15 sulting from the proposed rule;

16 (2) provide an opportunity for interested per-  
17 sons to take the actions specified under paragraph  
18 (1)(B) before promulgation of the final rule; and

19 (3) prepare and make available for public com-  
20 ment an initial housing impact analysis in accord-  
21 ance with the requirements of subsection (c).

22 (c) INITIAL HOUSING IMPACT ANALYSIS.—

23 (1) REQUIREMENTS.—Each initial housing im-  
24 pact analysis shall describe the impact of the pro-  
25 posed rule on housing affordability. The initial hous-

1       ing impact analysis or a summary shall be published  
2       in the Federal Register at the same time as, and to-  
3       gether with, the publication of general notice of pro-  
4       posed rulemaking for the rule. The agency shall  
5       transmit a copy of the initial housing impact anal-  
6       ysis to the Secretary of Housing and Urban Devel-  
7       opment.

8               (2) MONTHLY HUD LISTING.—On a monthly  
9       basis, the Secretary of Housing and Urban Develop-  
10      ment shall cause to be published in the Federal Reg-  
11      ister, and shall make available through a World  
12      Wide Web site of the Department, a listing of all  
13      proposed rules for which an initial housing impact  
14      analysis was prepared during the preceding month.

15              (3) CONTENTS.—Each initial housing impact  
16      analysis required under this subsection shall  
17      contain—

18                      (A) a description of the reasons why action  
19                      by the agency is being considered;

20                      (B) a succinct statement of the objectives  
21                      of, and legal basis for, the proposed rule;

22                      (C) a description of and, where feasible, an  
23                      estimate of the extent to which the proposed  
24                      rule would increase the cost or reduce the sup-

1           ply of housing or land for residential develop-  
2           ment; and

3                   (D) an identification, to the extent prac-  
4           ticable, of all relevant Federal rules which may  
5           duplicate, overlap, or conflict with the proposed  
6           rule.

7           (d) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE  
8   RULE.—

9                   (1) ANALYSIS.—The agency publishing a gen-  
10          eral notice of proposed rulemaking shall review any  
11          specific analyses and alternatives to the proposed  
12          rule which have been submitted to the agency pursu-  
13          ant to subsection (b)(2) to determine whether any  
14          alternative to the proposed rule—

15                   (A) accomplishes the stated objectives of  
16          the applicable statutes, in a manner comparable  
17          to the proposed rule;

18                   (B) results in costs to the Federal Govern-  
19          ment equal to or less than the costs resulting  
20          from the proposed rule; and

21                   (C) results in housing affordability greater  
22          than the housing affordability resulting from  
23          the proposed rule.

24                   (2) NEW NOTICE OF PROPOSED RULE-  
25          MAKING.—If the agency determines that an alter-

1 native to the proposed rule meets the requirements  
2 under subparagraphs (A) through (C) of paragraph  
3 (1), unless the agency provides an explanation on  
4 the record for the proposed rule as to why the alter-  
5 native should not be implemented, the agency shall  
6 incorporate the alternative into the final rule or, at  
7 the agency's discretion, issue a new proposed rule  
8 which incorporates the alternative.

9 (e) FINAL HOUSING IMPACT ANALYSIS.—

10 (1) REQUIREMENT.—Whenever an agency pro-  
11 mulgates a final rule after publication of a general  
12 notice of proposed rulemaking, unless the agency has  
13 made the certification under subsection (a), the  
14 agency shall prepare a final housing impact analysis.

15 (2) CONTENTS.—Each final housing impact  
16 analysis shall contain—

17 (A) a succinct statement of the need for,  
18 and objectives of, the rule;

19 (B) a summary of the significant issues  
20 raised during the public comment period in re-  
21 sponse to the initial housing impact analysis, a  
22 summary of the assessment of the agency of  
23 such issues, and a statement of any changes  
24 made in the proposed rule as a result of such  
25 comments; and

1 (C) a description of and an estimate of the  
2 extent to which the rule will impact housing af-  
3 fordability or an explanation of why no such es-  
4 timate is available.

5 (3) AVAILABILITY.—The agency shall make  
6 copies of the final housing impact analysis available  
7 to members of the public and shall publish in the  
8 Federal Register such analysis or a summary there-  
9 of.

10 (f) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY  
11 ANALYSES.—

12 (1) DUPLICATION.—Any Federal agency may  
13 perform the analyses required by subsections (c) and  
14 (e) in conjunction with or as a part of any other  
15 agenda or analysis required by any other law, execu-  
16 tive order, directive, or rule if such other analysis  
17 satisfies the provisions of such subsections.

18 (2) JOINDER.—In order to avoid duplicative ac-  
19 tion, an agency may consider a series of closely re-  
20 lated rules as one rule for the purposes of sub-  
21 sections (c) and (e).

22 (g) PREPARATION OF ANALYSES.—In complying with  
23 the provisions of subsections (c) and (e), an agency may  
24 provide either a quantifiable or numerical description of  
25 the effects of a proposed rule or alternatives to the pro-

1 posed rule, or more general descriptive statements if quan-  
2 tification is not practicable or reliable.

3 (h) EFFECT ON OTHER LAW.—The requirements of  
4 subsections (c) and (e) do not alter in any manner stand-  
5 ards otherwise applicable by law to agency action.

6 (i) PROCEDURE FOR WAIVER OR DELAY OF COMPLE-  
7 TION.—

8 (1) INITIAL HOUSING IMPACT ANALYSIS.—An  
9 agency head may waive or delay the completion of  
10 some or all of the requirements of subsection (c) by  
11 publishing in the Federal Register, not later than  
12 the date of publication of the final rule, a written  
13 finding, with reasons therefor, that the final rule is  
14 being promulgated in response to an emergency that  
15 makes compliance or timely compliance with the pro-  
16 visions of subsection (a) impracticable.

17 (2) FINAL HOUSING IMPACT ANALYSIS.—An  
18 agency head may not waive the requirements of sub-  
19 section (e). An agency head may delay the comple-  
20 tion of the requirements of subsection (e) for a pe-  
21 riod of not more than 180 days after the date of  
22 publication in the Federal Register of a final rule by  
23 publishing in the Federal Register, not later than  
24 such date of publication, a written finding, with rea-  
25 sons therefor, that the final rule is being promul-

1       gated in response to an emergency that makes time-  
2       ly compliance with the provisions of subsection (e)  
3       impracticable. If the agency has not prepared a final  
4       housing impact analysis pursuant to subsection (e)  
5       within 180 days from the date of publication of the  
6       final rule, such rule shall lapse and have no force or  
7       effect. Such rule shall not be repromulgated until a  
8       final housing impact analysis has been completed by  
9       the agency.

10       (j) DEFINITIONS.—For purposes of this section, the  
11 following definitions shall apply:

12           (1) HOUSING AFFORDABILITY.—The term  
13       “housing affordability” means the quantity of hous-  
14       ing that is affordable to families having incomes that  
15       do not exceed 150 percent of the median income of  
16       families in the area in which the housing is located,  
17       with adjustments for smaller and larger families.  
18       For purposes of this paragraph, area, median family  
19       income for an area, and adjustments for family size  
20       shall be determined in the same manner as such fac-  
21       tors are determined for purposes of section 3(b)(2)  
22       of the United States Housing Act of 1937.

23           (2) AGENCY.—The term “agency” means each  
24       authority of the Government of the United States,

1           whether or not it is within or subject to review by  
2           another agency, but does not include—

3                   (A) the Congress;

4                   (B) the courts of the United States;

5                   (C) the governments of the territories or  
6           possessions of the United States;

7                   (D) the government of the District of Co-  
8           lumbia;

9                   (E) agencies composed of representatives  
10          of the parties or of representatives of organiza-  
11          tions of the parties to the disputes determined  
12          by them;

13                  (F) courts-martial and military commis-  
14          sions;

15                  (G) military authority exercised in the field  
16          in time of war or in occupied territory; or

17                  (H) functions conferred by—

18                          (i) sections 1738, 1739, 1743, and  
19                          1744 of title 12, United States Code;

20                          (ii) chapter 2 of title 41, United  
21                          States Code;

22                          (iii) subchapter II of chapter 471 of  
23                          title 49, United States Code; or

1 (iv) sections 1884, 1891–1902, and  
2 former section 1641(b)(2), of title 50, ap-  
3 pendix, United States Code.

4 (3) FAMILIES.—The term “families” has the  
5 meaning given such term in section 3 of the United  
6 States Housing Act of 1937.

7 (4) RULE.—The term “rule” means any rule  
8 for which the agency publishes a general notice of  
9 proposed rulemaking pursuant to section 553(b) of  
10 title 5, United States Code, or any other law, includ-  
11 ing any rule of general applicability governing grants  
12 by an agency to State and local governments for  
13 which the agency provides an opportunity for notice  
14 and public comment; except that such term does not  
15 include a rule of particular applicability relating to  
16 rates, wages, corporate or financial structures or re-  
17 organizations thereof, prices, facilities, appliances,  
18 services, or allowances therefor or to valuations,  
19 costs or accounting, or practices relating to such  
20 rates, wages, structures, prices, appliances, services,  
21 or allowances.

22 (5) SIGNIFICANT.—The term “significant”  
23 means increasing consumers’ cost of housing by  
24 more than \$100,000,000 per year.

1           (k) DEVELOPMENT.—Not later than 1 year after the  
2 date of the enactment of this title, the Secretary of Hous-  
3 ing and Urban Development shall develop model initial  
4 and final housing impact analyses under this section and  
5 shall cause such model analyses to be published in the  
6 Federal Register. The model analyses shall define the pri-  
7 mary elements of a housing impact analysis to instruct  
8 other agencies on how to carry out and develop the anal-  
9 yses required under subsections (a) and (c).

10           (l) JUDICIAL REVIEW.—

11               (1) DETERMINATION BY AGENCY.—Except as  
12 otherwise provided in paragraph (2), any determina-  
13 tion by an agency concerning the applicability of any  
14 of the provisions of this title to any action of the  
15 agency shall not be subject to judicial review.

16               (2) OTHER ACTIONS BY AGENCY.—Any housing  
17 impact analysis prepared under subsection (c) or (e)  
18 and the compliance or noncompliance of the agency  
19 with the provisions of this title shall not be subject  
20 to judicial review. When an action for judicial review  
21 of a rule is instituted, any housing impact analysis  
22 for such rule shall constitute part of the whole  
23 record of agency action in connection with the re-  
24 view.

1           (3) EXCEPTION.—Nothing in this subsection  
2 bars judicial review of any other impact statement or  
3 similar analysis required by any other law if judicial  
4 review of such statement or analysis is otherwise  
5 provided by law.

6 **SEC. 103. GRANTS FOR REGULATORY BARRIER REMOVAL**  
7 **STRATEGIES.**

8           (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-  
9 section (a) of section 1204 of the Housing and Community  
10 Development Act of 1992 (42 U.S.C. 12705c(a)) is  
11 amended to read as follows:

12           “(a) FUNDING.—There is authorized to be appro-  
13 priated for grants under subsections (b) and (c)  
14 \$15,000,000 for fiscal year 2001 and such sums as may  
15 be necessary for each of fiscal years 2002, 2003, 2004,  
16 and 2005.”.

17           (b) CONSOLIDATION OF STATE AND LOCAL  
18 GRANTS.—Subsection (b) of section 1204 of the Housing  
19 and Community Development Act of 1992 (42 U.S.C.  
20 12705c(b)) is amended—

21           (1) in the subsection heading, by striking  
22 “STATE GRANTS” and inserting “GRANT AUTHOR-  
23 ITY”;

24           (2) in the matter preceding paragraph (1), by  
25 inserting after “States” the following: “and units of

1 general local government (including consortia of  
2 such governments)”;

3 (3) in paragraph (3), by striking “a State pro-  
4 gram to reduce State and local” and inserting  
5 “State, local, or regional programs to reduce”;

6 (4) in paragraph (4), by inserting “or local”  
7 after “State”; and

8 (5) in paragraph (5), by striking “State”.

9 (c) REPEAL OF LOCAL GRANTS PROVISION.—Section  
10 1204 of the Housing and Community Development Act  
11 of 1992 (42 U.S.C. 12705c) is amended by striking sub-  
12 section (c).

13 (d) APPLICATION AND SELECTION.—The last sen-  
14 tence of section 1204(e) of the Housing and Community  
15 Development Act of 1992 (42 U.S.C. 12705c(e)) is  
16 amended—

17 (1) by striking “and for the selection of units  
18 of general local government to receive grants under  
19 subsection (f)(2); and

20 (2) by inserting before the period at the end the  
21 following: “and such criteria shall require that grant  
22 amounts be used in a manner consistent with the  
23 strategy contained in the comprehensive housing af-  
24 fordability strategy for the jurisdiction pursuant to

1 section 105(b)(4) of the Cranston-Gonzalez National  
2 Affordable Housing Act”.

3 (e) SELECTION OF GRANTEES.—Subsection (f) of  
4 section 1204 of the Housing and Community Development  
5 Act of 1992 (42 U.S.C. 12705c(f)) is amended to read  
6 as follows:

7 “(f) SELECTION OF GRANTEES.—To the extent  
8 amounts are made available to carry out this section, the  
9 Secretary shall provide grants on a competitive basis to  
10 eligible grantees based on the proposed uses of such  
11 amounts, as provided in applications under subsection  
12 (e).”.

13 (f) TECHNICAL AMENDMENTS.—Section 107(a)(1) of  
14 the Housing and Community Development Act of 1974  
15 (42 U.S.C. 5307(a)(1)) is amended—

16 (1) in subparagraph (G), by inserting “and”  
17 after the semicolon at the end;

18 (2) by striking subparagraph (H); and

19 (3) by redesignating subparagraph (I) as sub-  
20 paragraph (H).

21 **SEC. 104. ELIGIBILITY FOR COMMUNITY DEVELOPMENT**  
22 **BLOCK GRANTS.**

23 (a) IN GENERAL.—Section 104(c)(1) of the Housing  
24 and Community Development Act of 1974 (42 U.S.C.  
25 5304(c)(1)) is amended by inserting before the comma the

1 following: “, which shall include making a good faith effort  
2 to carry out the strategy established under section  
3 105(b)(4) of such Act by the unit of general local govern-  
4 ment to remove barriers to affordable housing”.

5 (b) RULE OF CONSTRUCTION.—The amendment  
6 made by subsection (a) may not be construed to create  
7 any new private right of action.

8 **SEC. 105. REGULATORY BARRIERS CLEARINGHOUSE.**

9 Section 1205 of the Housing and Community Devel-  
10 opment Act of 1992 (42 U.S.C. 12705d) is amended—

11 (1) in subsection (a)—

12 (A) in the matter preceding paragraph (1),  
13 by striking “receive, collect, process, and assem-  
14 ble” and inserting “serve as a national reposi-  
15 tory to receive, collect, process, assemble, and  
16 disseminate”;

17 (B) in paragraph (1)—

18 (i) by striking “, including” and in-  
19 serting “(including”;

20 (ii) by inserting before the semicolon  
21 at the end the following: “), and the preva-  
22 lence and effects on affordable housing of  
23 such laws, regulations, and policies”;

24 (C) in paragraph (2), by inserting before  
25 the semicolon the following: “, including par-

1           ticularly innovative or successful activities,  
2           strategies, and plans”; and

3           (D) in paragraph (3), by inserting before  
4           the period at the end the following: “, including  
5           particularly innovative or successful strategies,  
6           activities, and plans”;

7           (2) in subsection (b)—

8           (A) in paragraph (1), by striking “and” at  
9           the end;

10          (B) in paragraph (2), by striking the pe-  
11          riod at the end and inserting “; and”; and

12          (C) by adding at the end the following new  
13          paragraph:

14          “(3) by making available through a World Wide  
15          Web site of the Department, by electronic mail, or  
16          otherwise, provide to each housing agency of a unit  
17          of general local government that serves an area hav-  
18          ing a population greater than 100,000, an index of  
19          all State and local strategies and plans submitted  
20          under subsection (a) to the clearinghouse, which—

21                 “(A) shall describe the types of barriers to  
22                 affordable housing that the strategy or plan  
23                 was designed to ameliorate or remove; and

24                 “(B) shall, not later than 30 days after  
25                 submission to the clearinghouse of any new

1 strategy or plan, be updated to include the new  
2 strategy or plan submitted.”; and

3 (3) by adding at the end the following new sub-  
4 sections:

5 “(c) ORGANIZATION.—The clearinghouse under this  
6 section shall be established within the Office of Policy De-  
7 velopment of the Department of Housing and Urban De-  
8 velopment and shall be under the direction of the Assist-  
9 ant Secretary for Policy Development and Research.

10 “(d) TIMING.—The clearinghouse under this section  
11 (as amended by section 105 of the Housing Affordability  
12 Barrier Removal Act of 1999) shall be established and  
13 commence carrying out the functions of the clearinghouse  
14 under this section not later than 1 year after the date of  
15 the enactment of such Act. The Secretary of Housing and  
16 Urban Development may comply with the requirements  
17 under this section by reestablishing the clearinghouse that  
18 was originally established to comply with this section and  
19 updating and improving such clearinghouse to the extent  
20 necessary to comply with the requirements of this section  
21 as in effect pursuant to the enactment of such Act.”.

1 **TITLE II—HOMEOWNERSHIP**  
2 **THROUGH MORTGAGE INSUR-**  
3 **ANCE AND LOAN GUARAN-**  
4 **TEES**

5 **SEC. 201. STUDY OF MANDATORY INSPECTION REQUIRE-**  
6 **MENT UNDER SINGLE FAMILY HOUSING**  
7 **MORTGAGE INSURANCE PROGRAM.**

8 The Comptroller General of the United States shall  
9 conduct a study regarding the inspection of properties  
10 purchased with loans insured under section 203 of the Na-  
11 tional Housing Act. The study shall evaluate the following  
12 issues:

13 (1) The feasibility of requiring inspections of all  
14 properties purchased with loans insured under such  
15 section.

16 (2) The level of financial losses or savings to  
17 the Mutual Mortgage Insurance Fund that are likely  
18 to occur if inspections are required on properties  
19 purchased with loans insured under such section.

20 (3) The potential impact on the process of buy-  
21 ing a home if inspections of properties purchased  
22 with loans insured under such section are required,  
23 including the process of buying a home in under-  
24 served areas where losses to the Mutual Mortgage  
25 Insurance Fund are greatest.

1           (4) The difference, if any, in the quality of  
2 homes purchased with loans insured under such sec-  
3 tion that are inspected before purchase and such  
4 homes that are not inspected before purchase.

5           (5) The cost to homebuyers of requiring inspec-  
6 tions before purchase of properties with loans in-  
7 sured under such section.

8           (6) The extent, if any, to which requiring in-  
9 spections of properties purchased with loans insured  
10 under such section will result in adverse selection of  
11 loans insured under such section.

12           (7) The extent of homebuyer knowledge regard-  
13 ing property inspections and the extent to which  
14 such knowledge affects the decision of homebuyers  
15 to opt for or against having a property inspection  
16 before purchasing a home.

17       Not later than the expiration of the 1-year period be-  
18 ginning on the date of the enactment of this Act, the  
19 Comptroller General shall submit to the Congress a report  
20 containing the results of the study and any recommenda-  
21 tions with respect to the issues specified under this sec-  
22 tion.

1 **SEC. 202. EXTENSION OF LOAN TERM FOR MANUFACTURED**  
2 **HOME LOTS.**

3 Section 2(b)(3)(E) of the National Housing Act (12  
4 U.S.C. 1703(b)(3)(E)) is amended by striking “fifteen”  
5 and inserting “twenty”.

6 **SEC. 203. NEIGHBORHOOD TEACHER PROGRAM.**

7 (a) **SHORT TITLE.**—This section may be cited as the  
8 “Neighborhood Teachers Act”.

9 (b) **CONGRESSIONAL FINDINGS.**—The Congress finds  
10 that—

11 (1) teachers are an integral part of our commu-  
12 nities;

13 (2) other than families, teachers are often the  
14 most important mentors to children, providing them  
15 with the values and skills for self-fulfillment in adult  
16 life; and

17 (3) the Neighborhood Teachers Act recognizes  
18 the value teachers bring to community and family  
19 life and is designed to encourage and reward teach-  
20 ers that serve in our most needy communities.

21 (c) **DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR**  
22 **TEACHERS.**—Section 204(h) of the National Housing Act  
23 (12 U.S.C. 1710(h)) is amended—

24 (1) by redesignating paragraphs (7) through  
25 (10) as paragraphs (8) through (11), respectively;  
26 and

1           (2) by inserting after paragraph (6) the fol-  
2           lowing new paragraph:

3           “(7) 50 PERCENT DISCOUNT FOR TEACHERS  
4           PURCHASING PROPERTIES THAT ARE ELIGIBLE AS-  
5           SETS.—

6           “(A) DISCOUNT.—A property that is an el-  
7           igible asset and is sold, during fiscal years 2000  
8           through 2004, to a teacher for use in accord-  
9           ance with subparagraph (B) shall be sold at a  
10          price that is equal to 50 percent of the ap-  
11          praised value of the eligible property (as deter-  
12          mined in accordance with paragraph (6)(B)). In  
13          the case of a property eligible for both a dis-  
14          count under this paragraph and a discount  
15          under paragraph (6), the discount under para-  
16          graph (6) shall not apply.

17          “(B) PRIMARY RESIDENCE.—An eligible  
18          property sold pursuant to a discount under this  
19          paragraph shall be used, for not less than the  
20          3-year period beginning upon such sale, as the  
21          primary residence of a teacher.

22          “(C) SALE METHODS.—The Secretary may  
23          sell an eligible property pursuant to a discount  
24          under this paragraph—

1           “(i) to a unit of general local govern-  
2           ment or nonprofit organization (pursuant  
3           to paragraph (4) or otherwise), for resale  
4           or transfer to a teacher; or

5           “(ii) directly to a purchaser who is a  
6           teacher.

7           “(D) RESALE.—In the case of any pur-  
8           chase by a unit of general local government or  
9           nonprofit organization of an eligible property  
10          sold at a discounted price under this paragraph,  
11          the sale agreement under paragraph (8) shall—

12          “(i) require the purchasing unit of  
13          general local government or nonprofit or-  
14          ganization to provide the full benefit of the  
15          discount to the teacher obtaining the prop-  
16          erty; and

17          “(ii) in the case of a purchase involv-  
18          ing multiple eligible assets, any of which is  
19          such an eligible property, designate the  
20          specific eligible property or properties to be  
21          subject to the requirements of subpara-  
22          graph (B).

23          “(E) MORTGAGE DOWNPAYMENT ASSIST-  
24          ANCE.—If a teacher purchases an eligible prop-  
25          erty pursuant to a discounted sale price under

1           this paragraph and finances such purchase  
2           through a mortgage insured under this title,  
3           notwithstanding any provision of section 203  
4           the downpayment on such mortgage shall be  
5           \$100.

6                   “(F) PREVENTION OF UNDUE PROFIT.—  
7           The Secretary shall issue regulations to prevent  
8           undue profit from the resale of eligible prop-  
9           erties in violation of the requirement under sub-  
10          paragraph (B).

11                   “(G) AWARENESS PROGRAM.—From funds  
12          made available for salaries and expenses for the  
13          Office of Policy Support of the Department of  
14          Housing and Urban Development, each field of-  
15          fice of the Department shall make available to  
16          elementary schools and secondary schools with-  
17          in the jurisdiction of the field office and to the  
18          public—

19                   “(i) a list of eligible properties located  
20          within the jurisdiction of the field office  
21          that are available for purchase by teachers  
22          under this paragraph; and

23                   “(ii) other information designed to  
24          make such teachers and the public aware

1 of the discount and downpayment assist-  
2 ance available under this paragraph.

3 “(H) DEFINITIONS.—For the purposes of  
4 this paragraph, the following definitions shall  
5 apply:

6 “(i) The terms ‘elementary school’  
7 and ‘secondary school’ have the meaning  
8 given such terms in section 14101 of the  
9 Elementary and Secondary Education Act  
10 of 1965 (20 U.S.C. 8801).

11 “(ii) The term ‘eligible property’  
12 means an eligible asset described in para-  
13 graph (2)(A) of this subsection.

14 “(iii) The term ‘teacher’ means an in-  
15 dividual who is employed on a full-time  
16 basis as a teacher in an elementary or sec-  
17 ondary school.”.

18 (d) CONFORMING AMENDMENTS.—Section 204(h) of  
19 the National Housing Act (12 U.S.C. 1710(h)) is  
20 amended—

21 (1) in paragraph (4)(B)(ii), by striking “para-  
22 graph (7)” and inserting “paragraph (8)”;

23 (2) in paragraph (5)(B)(i), by striking “para-  
24 graph (7)” and inserting “paragraph (8)”; and

1           (3) in paragraph (6)(A), by striking “paragraph  
2           (8)” and inserting “paragraph (9)”.

3           (e) REGULATIONS.—Not later than 90 days after the  
4 date of the enactment of this Act, the Secretary shall issue  
5 regulations to implement the amendments made by this  
6 section.

7 **SEC. 204. LAW ENFORCEMENT OFFICER HOMEOWNERSHIP**  
8 **PILOT PROGRAM.**

9           (a) ASSISTANCE FOR LAW ENFORCEMENT OFFI-  
10 CERS.—During the 3-year period beginning on the date  
11 of the enactment of this Act, the Secretary of Housing  
12 and Urban Development shall carry out a pilot program  
13 to assist Federal, State, and local law enforcement officers  
14 purchasing homes in locally-designated high-crime areas  
15 in accordance with this section.

16           (b) ELIGIBILITY.—To be eligible for assistance under  
17 this section, a law enforcement officer shall—

18           (1) have completed not less than 6 months of  
19 service as a law enforcement officer as of the date  
20 that the law enforcement officer applies for such as-  
21 sistance; and

22           (2) agree, in writing, to use the residence pur-  
23 chased with such assistance as the primary residence  
24 of the law enforcement officer for not less than 3  
25 years after the date of purchase.

1 (c) MORTGAGE ASSISTANCE.—If a law enforcement  
2 officer purchases a home in locally-designated high-crime  
3 area and finances such purchase through a mortgage in-  
4 sured under title II of the National Housing Act (12  
5 U.S.C. 1707 et seq.), notwithstanding any provision of  
6 section 203 or any other provision of the National Hous-  
7 ing Act, the following shall apply:

8 (1) DOWNPAYMENT.—

9 (A) IN GENERAL.—There shall be no  
10 downpayment required if the purchase price of  
11 the property is not more than the reasonable  
12 value of the property, as determined by the Sec-  
13 retary.

14 (B) PURCHASE PRICE EXCEEDS VALUE.—

15 If the purchase price of the property exceeds  
16 the reasonable value of the property, as deter-  
17 mined by the Secretary, the required downpay-  
18 ment shall be the difference between such rea-  
19 sonable value and the purchase price.

20 (2) CLOSING COSTS.—The closing costs and  
21 origination fee for such mortgage may be included in  
22 the loan amount.

23 (3) INSURANCE PREMIUM PAYMENT.—There  
24 shall be 1 insurance premium payment due on the  
25 mortgage. Such insurance premium payment—

1 (A) shall be equal to 1 percent of the loan  
2 amount;

3 (B) shall be due and considered earned by  
4 the Secretary at the time of the loan closing;  
5 and

6 (C) may be included in the loan amount  
7 and paid from the loan proceeds.

8 (d) **LOCALLY-DESIGNATED HIGH-CRIME AREA.**—

9 (1) **IN GENERAL.**—Any unit of local govern-  
10 ment may request that the Secretary designate any  
11 area within the jurisdiction of that unit of local gov-  
12 ernment as a locally-designated high-crime area for  
13 purposes of this section if the proposed area—

14 (A) has a crime rate that is significantly  
15 higher than the crime rate of the non-des-  
16 igned area that is within the jurisdiction of  
17 the unit of local government; and

18 (B) has a population that is not more than  
19 25 percent of the total population of area with-  
20 in the jurisdiction of the unit of local govern-  
21 ment.

22 (2) **DEADLINE FOR CONSIDERATION OF RE-**  
23 **QUEST.**—Not later than 60 days after receiving a re-  
24 quest under paragraph (1), the Secretary shall ap-  
25 prove or disapprove the request.

1 (e) SUNSET.—The Secretary shall not approve any  
2 application for assistance under this section that is re-  
3 ceived by the Secretary after the expiration of the period  
4 referred to in subsection (a).

5 **SEC. 205. HOME EQUITY CONVERSION MORTGAGES.**

6 (a) INSURANCE FOR MORTGAGES TO REFINANCE EX-  
7 ISTING HECMs.—

8 (1) IN GENERAL.—Section 255 of the National  
9 Housing Act (12 U.S.C. 1715z–20) is amended—

10 (A) by redesignating subsection (k) as sub-  
11 section (m); and

12 (B) by inserting after subsection (j) the  
13 following new subsection:

14 “(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

15 “(1) IN GENERAL.—The Secretary may, upon  
16 application by a mortgagee, insure under this sub-  
17 section any mortgage given to refinance an existing  
18 home equity conversion mortgage insured under this  
19 section.

20 “(2) ANTI-CHURNING DISCLOSURE.—The Sec-  
21 retary shall, by regulation, require that the mort-  
22 gagee of a mortgage insured under this subsection,  
23 provide to the mortgagor, within an appropriate time  
24 period and in a manner established in such regula-  
25 tions, a good faith estimate of: (A) the total cost of

1 the refinancing; and (B) the increase in the mortga-  
2 gor's principal limit as measured by the estimated  
3 initial principal limit on the mortgage to be insured  
4 under this subsection less the current principal limit  
5 on the home equity conversion mortgage that is  
6 being refinanced and insured under this subsection.

7 “(3) WAIVER OF COUNSELING REQUIRE-  
8 MENT.—The mortgagor under a mortgage insured  
9 under this subsection may waive the applicability,  
10 with respect to such mortgage, of the requirements  
11 under subsection (d)(2)(B) (relating to third party  
12 counseling), but only if—

13 “(A) the mortgagor has received the disclo-  
14 sure required under paragraph (2);

15 “(B) the increase in the principal limit de-  
16 scribed in paragraph (2) exceeds the amount of  
17 the total cost of refinancing (as described in  
18 such paragraph) by an amount to be deter-  
19 mined by the Secretary; and

20 “(C) the time between the closing of the  
21 original home equity conversion mortgage that  
22 is refinanced through the mortgage insured  
23 under this subsection and the application for a  
24 refinancing mortgage insured under this sub-  
25 section does not exceed 5 years.

1           “(4) CREDIT FOR PREMIUMS PAID.—Notwith-  
2 standing section 203(c)(2)(A), the Secretary may re-  
3 duce the amount of the single premium payment  
4 otherwise collected under such section at the time of  
5 the insurance of a mortgage refinanced and insured  
6 under this subsection. The amount of the single pre-  
7 mium for mortgages refinanced under this sub-  
8 section shall be determined by the Secretary based  
9 on the actuarial study required under paragraph (5).

10           “(5) ACTUARIAL STUDY.—Not later than 180  
11 days after the date of the enactment of the Amer-  
12 ican Homeownership and Economic Opportunity Act  
13 of 2000, the Secretary shall conduct an actuarial  
14 analysis to determine the adequacy of the insurance  
15 premiums collected under the program under this  
16 subsection with respect to—

17           “(A) a reduction in the single premium  
18 payment collected at the time of the insurance  
19 of a mortgage refinanced and insured under  
20 this subsection;

21           “(B) the establishment of a single national  
22 limit on the benefits of insurance under sub-  
23 section (g) (relating to limitation on insurance  
24 authority); and

1           “(C) the combined effect of reduced insur-  
2           ance premiums and a single national limitation  
3           on insurance authority.

4           “(6) FEES.—The Secretary may establish a  
5           limit on the origination fee that may be charged to  
6           a mortgagor under a mortgage insured under this  
7           subsection, except that such limitation shall provide  
8           that the origination fee may be fully financed with  
9           the mortgage and shall include any fees paid to cor-  
10          respondent mortgagees approved by the Secretary.  
11          The Secretary shall prohibit the charging of any  
12          broker fees in connection with mortgages insured  
13          under this subsection.”.

14          (2) REGULATIONS.—The Secretary shall issue  
15          any final regulations necessary to implement the  
16          amendments made by paragraph (1) of this sub-  
17          section, which shall take effect not later than the ex-  
18          piration of the 180-day period beginning on the date  
19          of the enactment of this Act. The regulations shall  
20          be issued after notice and opportunity for public  
21          comment in accordance with the procedure under  
22          section 553 of title 5, United States Code, applicable  
23          to substantive rules (notwithstanding subsections  
24          (a)(2), (b)(B), and (d)(3) of such section).

1 (b) HOUSING COOPERATIVES.—Section 255(b) of the  
2 National Housing Act (12 U.S.C. 1715z–20(b)) is  
3 amended—

4 (1) in paragraph (2), by striking “‘mortgage’”;  
5 and

6 (2) by adding at the end the following new  
7 paragraphs:

8 “(4) MORTGAGE.—The term ‘mortgage’ means  
9 a first mortgage or first lien on real estate, in fee  
10 simple, on all stock allocated to a dwelling in a resi-  
11 dential cooperative housing corporation, or on a  
12 leasehold—

13 “(A) under a lease for not less than 99  
14 years that is renewable; or

15 “(B) under a lease having a period of not  
16 less than 10 years to run beyond the maturity  
17 date of the mortgage.

18 “(B) FIRST MORTGAGE.—The term ‘first mort-  
19 gage’ means such classes of first liens as are com-  
20 monly given to secure advances on, or the unpaid  
21 purchase price of, real estate or all stock allocated  
22 to a dwelling unit in a residential cooperative hous-  
23 ing corporation, under the laws of the State in which  
24 the real estate or dwelling unit is located, together

1 with the credit instruments, if any, secured there-  
2 by.”.

3 (c) WAIVER OF UP-FRONT PREMIUMS FOR MORT-  
4 GAGES USED TO PURCHASE LONG-TERM CARE INSUR-  
5 ANCE.—Section 255 of the National Housing Act (12  
6 U.S.C. 1715z-20) is amended by inserting after sub-  
7 section (k) (as added by subsection (a) of this section) the  
8 following new subsection:

9 “(l) WAIVER OF UP-FRONT PREMIUMS.—

10 “(1) IN GENERAL.—In the case of any mort-  
11 gage insured under this section under which the  
12 total amount of all future payments described in  
13 subsection (b)(3) will be used only for costs of a  
14 qualified long-term care insurance contract covering  
15 the mortgagor or members of the household residing  
16 in the property that is subject to the mortgage, not-  
17 withstanding section 203(c)(2), the Secretary shall  
18 not charge or collect the single premium payment  
19 otherwise required under subparagraph (A) of such  
20 section to be paid at the time of insurance.

21 “(2) DEFINITION.—For purposes of this sub-  
22 section, the term ‘qualified long-term care insurance  
23 contract’ has the meaning given such term in section  
24 7702B of the Internal Revenue Code of 1986 (26  
25 U.S.C. 7702B)”.

1 (d) STUDY OF SINGLE NATIONAL MORTGAGE  
2 LIMIT.—The Secretary of Housing and Urban Develop-  
3 ment shall conduct an actuarially based study of the ef-  
4 fects of establishing, for mortgages insured under section  
5 255 of the National Housing Act (12 U.S.C. 1715z–20),  
6 a single maximum mortgage amount limitation in lieu of  
7 applicability of section 203(b)(2) of such Act (12 U.S.C.  
8 1709(b)(2)). The study shall—

9 (1) examine the effects of establishing such lim-  
10 itation at different dollar amounts; and

11 (2) examine the effects of such various limita-  
12 tions on—

13 (A) the risks to the General Insurance  
14 Fund established under section 519 of such  
15 Act;

16 (B) the mortgage insurance premiums that  
17 would be required to be charged to mortgagors  
18 to ensure actuarial soundness of such Fund;  
19 and

20 (C) take into consideration the various ap-  
21 proaches to providing credit to borrowers who  
22 refinance home equity conversion mortgages in-  
23 sured under section 255 of such Act.

24 Not later than 180 days after the date of the enactment  
25 of this Act, the Secretary shall complete the study under

1 this subsection and submit a report describing the study  
2 and the results of the study to the Committee on Banking  
3 and Financial Services of the House of Representatives  
4 and to the Committee on Banking, Housing, and Urban  
5 Affairs of the Senate.

6 **SEC. 206. PREVENTING FRAUD IN REHABILITATION LOAN**  
7 **PROGRAM.**

8 (a) IN GENERAL.—Section 203(k) of the National  
9 Housing Act (12 U.S.C. 1709(k)) is amended by adding  
10 at the end the following new paragraph:

11 “(7) PREVENTION OF FRAUD.—To prevent fraud  
12 under the program for loan insurance authorized under  
13 this subsection, the Secretary shall, by regulation, take the  
14 following actions:

15 “(A) PROHIBITION OF IDENTITY OF INTER-  
16 EST.—The Secretary shall prohibit any identity-of-  
17 interest, as such term is defined by the Secretary,  
18 between any of the following parties involved in a  
19 loan insured under this subsection: the borrower (in-  
20 cluding, in the case of a borrower that is a nonprofit  
21 organization, any member of the board of directors  
22 or the staff of the organization), the lender, any con-  
23 sultant, any real estate agent, any property inspec-  
24 tor, and any appraiser.

1           “(B) NONPROFIT PARTICIPATION.—The Sec-  
2           retary shall establish minimum standards for a non-  
3           profit organization to participate in the program,  
4           which shall include—

5                   “(i) requiring such an organization to dis-  
6                   close to the Secretary its taxpayer identification  
7                   number and evidence sufficient to indicate that  
8                   the organization is an organization described in  
9                   section 501(c) of the Internal Revenue Code of  
10                  1986 that is exempt from taxation under sub-  
11                  title A of such Code;

12                   “(ii) requiring that the board of directors  
13                   of such an organization be comprised only of in-  
14                   dividuals who do not receive any compensation  
15                   or other thing of value by reason of their serv-  
16                   ice on the board and who have no personal fi-  
17                   nancial interest in the rehabilitation project of  
18                   the organization that is financed with the loan  
19                   insured under this subsection;

20                   “(iii) requiring such an organization to  
21                   submit to the Secretary financial statements of  
22                   the organization for the most recent 2 years,  
23                   which have been prepared by a party that is un-  
24                   affiliated with the organization;

1           “(iv) limiting to 10 the number of loans  
2           that are insured under this subsection, made to  
3           any single such organization, and, at any one  
4           time, have an outstanding balance of principal  
5           or interest, except that the Secretary may in-  
6           crease such numerical limitation on a case-by-  
7           case basis for good cause shown;

8           “(v) requiring such an organization to post  
9           a completion insurance bond in such amount as  
10          the Secretary determines appropriate as a con-  
11          dition of obtaining insurance under this sub-  
12          section; and

13          “(vi) requiring such an organization to  
14          have been certified by the Secretary as meeting  
15          the requirements under this subsection and oth-  
16          erwise eligible to participate in the program not  
17          more than 2 years before obtaining a loan in-  
18          sured under this section.

19          “(C) COMPLETION OF WORK.—The Secretary  
20          shall prohibit any lender making a loan insured  
21          under this subsection from disbursing the final pay-  
22          ment of loan proceeds unless the lender has received  
23          affirmation, from the borrower under the loan, both  
24          in writing and pursuant to an interview in person or  
25          over the telephone, that the rehabilitation activities

1       financed by the loan have been satisfactorily com-  
2       pleted.

3               “(D) CONSULTANT CERTIFICATION.—The Sec-  
4       retary shall require that any consultant, as such  
5       term is defined by the Secretary, that is involved in  
6       a home inspection, site visit, or preparation of bids  
7       with respect to any loan insured under this section  
8       shall have been certified by the Secretary as ade-  
9       quately trained and competent to provide such serv-  
10      ice not more than 2 years before conducting any  
11      such activity. The Secretary shall establish a train-  
12      ing and certification process to carry out this sub-  
13      paragraph.

14              “(E) CONTRACTOR QUALIFICATION.—The Sec-  
15      retary shall require, in the case of any loan that is  
16      insured under this subsection and involves rehabili-  
17      tation with a value of \$25,000 or more, that the  
18      contractor or other person performing or supervising  
19      the rehabilitation activities financed by the loan  
20      shall—

21                      “(i) be certified by a nationally recognized  
22                      organization as meeting industry standards for  
23                      quality of workmanship, training, and con-  
24                      tinuing education, including financial manage-  
25                      ment;

1           “(ii) be licensed to conduct such activities  
2           by the State or unit of general local government  
3           in which the rehabilitation activities are being  
4           completed; or

5           “(iii) be bonded in such amount as the  
6           Secretary shall require.”.

7           (b) REPORT ON ACTIVITY OF NONPROFIT ORGANIZA-  
8           TIONS UNDER PROGRAM.—Not later than 60 days after  
9           the date of the enactment of this Act, the Secretary of  
10          Housing and Urban Development shall submit a report  
11          to the Congress regarding the participation of nonprofit  
12          organizations under the rehabilitation loan program under  
13          section 203(k) of the National Housing Act (12 U.S.C.  
14          1709(k)). The report shall—

15               (1) determine and describe the extent of partici-  
16               pation in the program by such organizations;

17               (2) identify and compare the default and claim  
18               rates for loans made under the program to nonprofit  
19               organizations and to owner-occupier participants;

20               (3) analyze the impact, on such organizations  
21               and the program, of prohibiting such organizations  
22               from participating in the program; and

23               (4) identify other opportunities for such organi-  
24               zations to acquire financing or credit enhancement  
25               for rehabilitation activities.

1           (c) REGULATIONS.—The Secretary of Housing and  
2 Urban Development shall issue final regulations and any  
3 other administrative orders or notices necessary to carry  
4 out the provisions of this section and the amendments  
5 made by this section not later than 120 days after the  
6 date of the enactment of this Act.

7 **SEC. 207. REPORT ON TITLE I HOME IMPROVEMENT LOAN**  
8 **PROGRAM.**

9           (a) IN GENERAL.—Not later than 1 year after the  
10 date of the enactment of this Act, the Secretary of Hous-  
11 ing and Urban Development shall submit a report to the  
12 Congress containing recommendations for improvements  
13 to the property improvement loan insurance program  
14 under title I of the National Housing Act, including im-  
15 provements designed to address problems relating to home  
16 improvement contractors obtaining loans on behalf of  
17 homeowners.

18           (b) CONSULTATION.—In developing and determining  
19 recommendations for inclusion in the report under this  
20 section and in preparing the report, the Secretary shall  
21 consult with interested persons, organizations, and enti-  
22 ties, including representatives of the lending industry and  
23 consumer organizations.

1                   **TITLE III—SECTION 8**  
2                   **HOMEOWNERSHIP OPTION**

3   **SEC. 301. DOWNPAYMENT ASSISTANCE.**

4           (a) AMENDMENTS.—Section 8(y) of the United  
5 States Housing Act of 1937 (42 U.S.C. 1437f(y)) is  
6 amended—

7           (1) by redesignating paragraph (7) as para-  
8 graph (8); and

9           (2) by inserting after paragraph (6) the fol-  
10 lowing new paragraph:

11           “(7) DOWNPAYMENT ASSISTANCE.—

12           “(A) AUTHORITY.—A public housing agen-  
13 cy may, in lieu of providing monthly assistance  
14 payments under this subsection on behalf of a  
15 family eligible for such assistance and at the  
16 discretion of the public housing agency, provide  
17 assistance for the family in the form of a single  
18 grant to be used only as a contribution toward  
19 the downpayment required in connection with  
20 the purchase of a dwelling for fiscal year 2000  
21 and each fiscal year thereafter to the extent  
22 provided in advance in appropriations Acts.

23           “(B) AMOUNT.—The amount of a down-  
24 payment grant on behalf of an assisted family  
25 may not exceed the amount that is equal to the

1           sum of the assistance payments that would be  
2           made during the first year of assistance on be-  
3           half of the family, based upon the income of the  
4           family at the time the grant is to be made.”.

5           (b) **EFFECTIVE DATE.**—The amendments made by  
6 subsection (a) shall take effect immediately after the  
7 amendments made by section 555(c) of the Quality Hous-  
8 ing and Work Responsibility Act of 1998 take effect pur-  
9 suant to such section.

10 **SEC. 302. PILOT PROGRAM FOR HOMEOWNERSHIP ASSIST-**  
11 **ANCE FOR DISABLED FAMILIES.**

12           (a) **IN GENERAL.**—A public housing agency providing  
13 tenant-based assistance on behalf of an eligible family  
14 under section 8 of the United States Housing Act of 1937  
15 (42 U.S.C. 1437f) may provide assistance for a disabled  
16 family that purchases a dwelling unit (including a dwelling  
17 unit under a lease-purchase agreement) that will be owned  
18 by 1 or more members of the disabled family and will be  
19 occupied by the disabled family, if the disabled family—

20           (1) purchases the dwelling unit before the expi-  
21 ration of the 3-year period beginning on the date of  
22 the enactment of this Act;

23           (2) demonstrates that the disabled family has  
24 income from employment or other sources (including  
25 public assistance), as determined in accordance with

1 requirements of the Secretary, that is not less than  
2 twice the payment standard established by the public  
3 housing agency (or such other amount as may be es-  
4 tablished by the Secretary);

5 (3) except as provided by the Secretary, dem-  
6 onstrates at the time the disabled family initially re-  
7 ceives tenant-based assistance under this section  
8 that one or more adult members of the disabled fam-  
9 ily have achieved employment for the period as the  
10 Secretary shall require;

11 (4) participates in a homeownership and hous-  
12 ing counseling program provided by the agency; and

13 (5) meets any other initial or continuing re-  
14 quirements established by the public housing agency  
15 in accordance with requirements established by the  
16 Secretary.

17 (b) DETERMINATION OF AMOUNT OF ASSISTANCE.—

18 (1) IN GENERAL.—

19 (A) MONTHLY EXPENSES NOT EXCEEDING  
20 PAYMENT STANDARD.—If the monthly home-  
21 ownership expenses, as determined in accord-  
22 ance with requirements established by the Sec-  
23 retary, do not exceed the payment standard, the  
24 monthly assistance payment shall be the  
25 amount by which the homeownership expenses

1 exceed the highest of the following amounts,  
2 rounded to the nearest dollar:

3 (i) 30 percent of the monthly adjusted  
4 income of the disabled family.

5 (ii) 10 percent of the monthly income  
6 of the disabled family.

7 (iii) If the disabled family is receiving  
8 payments for welfare assistance from a  
9 public agency, and a portion of those pay-  
10 ments, adjusted in accordance with the ac-  
11 tual housing costs of the disabled family, is  
12 specifically designated by that agency to  
13 meet the housing costs of the disabled fam-  
14 ily, the portion of those payments that is  
15 so designated.

16 (B) MONTHLY EXPENSES EXCEED PAY-  
17 MENT STANDARD.—If the monthly homeowner-  
18 ship expenses, as determined in accordance with  
19 requirements established by the Secretary, ex-  
20 ceed the payment standard, the monthly assist-  
21 ance payment shall be the amount by which the  
22 applicable payment standard exceeds the high-  
23 est of the amounts under clauses (i), (ii), and  
24 (iii) of subparagraph (A).

25 (2) CALCULATION OF AMOUNT.—

1           (A) LOW-INCOME FAMILIES.—A disabled  
2 family that is a low-income family shall be eligi-  
3 ble to receive 100 percent of the amount cal-  
4 culated under paragraph (1).

5           (B) INCOME BETWEEN 81 AND 89 PERCENT  
6 OF MEDIAN.—A disabled family whose income  
7 is between 81 and 89 percent of the median for  
8 the area shall be eligible to receive 66 percent  
9 of the amount calculated under paragraph (1).

10          (C) INCOME BETWEEN 90 AND 99 PERCENT  
11 OF MEDIAN.—A disabled family whose income  
12 is between 90 and 99 percent of the median for  
13 the area shall be eligible to receive 33 percent  
14 of the amount calculated under paragraph (1).

15          (D) INCOME MORE THAN 99 PERCENT OF  
16 MEDIAN.—A disabled family whose income is  
17 more than 99 percent of the median for the  
18 area shall not be eligible to receive assistance  
19 under this section.

20          (e) INSPECTIONS AND CONTRACT CONDITIONS.—

21           (1) IN GENERAL.—Each contract for the pur-  
22 chase of a dwelling unit to be assisted under this  
23 section shall—

1 (A) provide for pre-purchase inspection of  
2 the dwelling unit by an independent profes-  
3 sional; and

4 (B) require that any cost of necessary re-  
5 pairs be paid by the seller.

6 (2) ANNUAL INSPECTIONS NOT REQUIRED.—  
7 The requirement under subsection (o)(8)(A)(ii) of  
8 the United States Housing Act of 1937 for annual  
9 inspections shall not apply to dwelling units assisted  
10 under this section.

11 (d) OTHER AUTHORITY OF THE SECRETARY.—The  
12 Secretary may—

13 (1) limit the term of assistance for a disabled  
14 family assisted under this section;

15 (2) provide assistance for a disabled family for  
16 the entire term of a mortgage for a dwelling unit if  
17 the disabled family remains eligible for such assist-  
18 ance for such term; and

19 (3) modify the requirements of this section as  
20 the Secretary determines to be necessary to make  
21 appropriate adaptations for lease-purchase agree-  
22 ments.

23 (e) ASSISTANCE PAYMENTS SENT TO LENDER.—The  
24 Secretary shall remit assistance payments under this sec-  
25 tion directly to the mortgagee of the dwelling unit pur-

1 chased by the disabled family receiving such assistance  
2 payments.

3 (f) INAPPLICABILITY OF CERTAIN PROVISIONS.—As-  
4 sistance under this section shall not be subject to the re-  
5 quirements of the following provisions:

6 (1) Subsection (c)(3)(B) of section 8 of the  
7 United States Housing Act of 1937.

8 (2) Subsection (d)(1)(B)(i) of section 8 of the  
9 United States Housing Act of 1937.

10 (3) Any other provisions of section 8 of the  
11 United States Housing Act of 1937 governing max-  
12 imum amounts payable to owners and amounts pay-  
13 able by assisted families.

14 (4) Any other provisions of section 8 of the  
15 United States Housing Act of 1937 concerning con-  
16 tracts between public housing agencies and owners.

17 (5) Any other provisions of the United States  
18 Housing Act of 1937 that are inconsistent with the  
19 provisions of this section.

20 (g) REVERSION TO RENTAL STATUS.—

21 (1) FHA-INSURED MORTGAGES.—If a disabled  
22 family receiving assistance under this section for  
23 purchase of a dwelling unit defaults under a mort-  
24 gage for the dwelling unit insured by the Secretary  
25 under the National Housing Act, the disabled family

1       may not continue to receive rental assistance under  
2       section 8 of the United States Housing Act of 1937  
3       unless the disabled family—

4               (A) transfers to the Secretary marketable  
5       title to the dwelling unit;

6               (B) moves from the dwelling unit within  
7       the period established or approved by the Sec-  
8       retary; and

9               (C) agrees that any amounts the disabled  
10       family is required to pay to reimburse the es-  
11       crow account under section 23(d)(3) of the  
12       United States Housing Act of 1937 may be de-  
13       ducted by the public housing agency from the  
14       assistance payment otherwise payable on behalf  
15       of the disabled family.

16       (2) OTHER MORTGAGES.—If a disabled family  
17       receiving assistance under this section defaults  
18       under a mortgage not insured under the National  
19       Housing Act, the disabled family may not continue  
20       to receive rental assistance under section 8 of the  
21       United States Housing Act of 1937 unless it com-  
22       plies with requirements established by the Secretary.

23       (3) ALL MORTGAGES.—A disabled family receiv-  
24       ing assistance under this section that defaults under  
25       a mortgage may not receive assistance under this

1 section for occupancy of another dwelling unit owned  
2 by 1 or more members of the disabled family.

3 (4) EXCEPTION.—This subsection shall not  
4 apply if the Secretary determines that the disabled  
5 family receiving assistance under this section de-  
6 faulted under a mortgage due to catastrophic med-  
7 ical reasons.

8 (h) REGULATIONS.—As soon as practicable after the  
9 date of the enactment of this Act, the Secretary shall issue  
10 regulations to implement this section. Such regulations  
11 may not prohibit any public housing agency providing ten-  
12 ant-based assistance on behalf of an eligible family under  
13 section 8 of the United States Housing Act of 1937 from  
14 participating in the pilot program under this section.

15 (i) DEFINITION OF DISABLED FAMILY.—For the  
16 purposes of this section, the term “disabled family” has  
17 the meaning given the term “person with disabilities” in  
18 section 811(k)(2) of the Cranston-Gonzalez National Af-  
19 fordable Housing Act (42 U.S.C. 8013(k)(2)).

20 **TITLE IV—COMMUNITY**  
21 **DEVELOPMENT BLOCK GRANTS**

22 **SEC. 401. REAUTHORIZATION.**

23 (a) AUTHORIZATION OF APPROPRIATIONS.—The last  
24 sentence of section 103 of the Housing and Community  
25 Development Act of 1974 (42 U.S.C. 5303) is amended

1 to read as follows: “For purposes of assistance under sec-  
2 tion 106, there is authorized to be appropriated  
3 \$4,900,000,000 for fiscal year 2001 and such sums as  
4 may be necessary for each of fiscal years 2002, 2003,  
5 2004, and 2005.”.

6 (b) ENTITLEMENT GRANTS.—

7 (1) IN GENERAL.—Section 102(a)(5)(B) of the  
8 Housing and Community Development Act of 1974  
9 (42 U.S.C. 5302(a)(5)(B)) is amended—

10 (A) by inserting “(I)” after “(iii)”; and

11 (B) by inserting before the period at the  
12 end the following: “, or (II) has a population in  
13 its unincorporated areas of not less than  
14 450,000, except that a town or township which  
15 is designated as a city pursuant to this sub-  
16 clause shall have only its unincorporated areas  
17 considered as a city for purposes of this title.”

18 (2) TREATMENT AS SEPARATE FROM URBAN  
19 COUNTIES.—Section 102(d) of the Housing and  
20 Community Development Act of 1974 (42 U.S.C.  
21 5302(d)) is amended—

22 “(A) by inserting “(1)” after “(d)”; and

23 “(B) by adding at the end the following  
24 new paragraph:

1           “(2) Notwithstanding paragraph (1), a town or town-  
2 ship that is classified as a city by reason of subclause (II)  
3 of section 102(a)(5)(B)(iii) shall be treated, for purposes  
4 of eligibility for a grant under section 106(b)(1) from  
5 amounts made available for a fiscal year beginning after  
6 the date of the enactment of the American Homeowner-  
7 ship and Economic Opportunity Act of 2000, as an entity  
8 separate from the urban county in which it is located.”.

9 **SEC. 402. PROHIBITION OF SET-ASIDES.**

10           Section 103 of the Housing and Community Develop-  
11 ment Act of 1974 (42 U.S.C. 5303), as amended by sec-  
12 tion 401 of this Act, is further amended—

13           (1) by inserting after “SEC. 103.” the fol-  
14 lowing: “(a) IN GENERAL.—”; and

15           (2) by adding at the end the following new sub-  
16 section:“

17           “(b) PROHIBITION OF SET-ASIDES.—Except as pro-  
18 vided in paragraphs (1) and (2) of section 106(a) and sec-  
19 tion 107, amounts appropriated pursuant to subsection (a)  
20 of this section or otherwise to carry out this title (other  
21 than section 108) shall be used only for formula-based  
22 grants allocated pursuant to section 106 and may not be  
23 otherwise used unless the provision of law providing for  
24 such other use specifically refers to this subsection and

1 specifically states that such provision modifies or super-  
2 sedes the provisions of this subsection.”.

3 **SEC. 403. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

4 (a) ELIGIBLE ACTIVITIES.—Section 105(a) of the  
5 Housing and Community Development Act of 1974 (42  
6 U.S.C. 5305(a)) is amended—

7 (1) in paragraph (22)(C), by striking “and” at  
8 the end;

9 (2) in paragraph (23), by striking the period at  
10 the end and inserting a semicolon; and

11 (3) by inserting after paragraph (23) the fol-  
12 lowing new paragraph:

13 “(24) provision of direct assistance to facilitate  
14 and expand homeownership among uniformed em-  
15 ployees (including policemen, firemen, and sanitation  
16 and other maintenance workers) of, and teachers  
17 who are employees of, the metropolitan city or urban  
18 county (or an agency or school district serving such  
19 city or county) receiving grant amounts under this  
20 title pursuant to section 106(b) or the unit of gen-  
21 eral local government (or an agency or school dis-  
22 trict serving such unit) receiving such grant  
23 amounts pursuant to section 106(d); except that,  
24 notwithstanding section 102(a)(20)(B) or any other  
25 provision of this title, such assistance may be pro-

1 vided on behalf of such employees whose family in-  
2 comes do not exceed 150 percent of the median in-  
3 come of the area involved, as determined by the Sec-  
4 retary with adjustments for smaller and larger fami-  
5 lies; and except that such assistance shall be used  
6 only for acquiring principal residences for such em-  
7 ployees by—

8 “(A) providing amounts for downpayments  
9 on mortgages;

10 “(B) paying reasonable closing costs nor-  
11 mally associated with the purchase of a resi-  
12 dence;

13 “(C) obtaining pre- or post-purchase coun-  
14 seling relating to the financial and other obliga-  
15 tions of homeownership; or

16 “(D) subsidizing mortgage interest rates;”.

17 (b) PRIMARY OBJECTIVES.—Section 105(c) of the  
18 Housing and Community Development Act of 1974 (42  
19 U.S.C. 5305(c)) is amended by adding at the end the fol-  
20 lowing new paragraph:

21 “(5) HOMEOWNERSHIP ASSISTANCE FOR MUNICIPAL  
22 EMPLOYEES.—Notwithstanding any other provision of this  
23 title, any assisted activity described in subsection (a)(24)  
24 of this section shall be considered, for purposes of this  
25 title, to benefit persons of low and moderate income and

1 to be directed toward the objective under section  
2 101(c)(3).”.

3 **SEC. 404. TECHNICAL AMENDMENT RELATING TO**  
4 **BROWNFIELDS.**

5 Section 105(a) of the Housing and Community De-  
6 velopment Act of 1974 (42 U.S.C. 5305(a)), as amended  
7 by section 403 of this Act, is further amended—

8 (1) in paragraph (25), by striking the period  
9 and inserting “; and”; and

10 (2) by adding at the end the following new  
11 paragraph:

12 “(26) environmental cleanup and economic de-  
13 velopment activities related to Brownfields projects  
14 in conjunction with the appropriate environmental  
15 regulatory agencies.”.

16 **SEC. 405. INCOME ELIGIBILITY.**

17 (a) IN GENERAL.—In addition to the exceptions  
18 granted pursuant to section 590 of the Quality Housing  
19 and Work Responsibility Act of 1998 (42 U.S.C. 5301  
20 note), the Secretary of Housing and Urban Development  
21 shall, for not less than 10 other jurisdictions that are met-  
22 ropolitan cities or urban counties for purposes of title I  
23 of the Housing and Community Development Act of 1974,  
24 grant exceptions not later than 90 days after the date of

1 the enactment of this Act for such jurisdictions that pro-  
2 vide that—

3           (1) for purposes of the HOME investment part-  
4 nerships program under title II of the Cranston-  
5 Gonzalez National Affordable Housing Act, the limi-  
6 tation based on percentage of median income that is  
7 applicable under section 104(10), 214(1)(A), or  
8 215(a)(1)(A) for any area of the jurisdiction shall be  
9 the numerical percentage that is specified in such  
10 section; and

11           (2) for purposes of the community development  
12 block grant program under title I of the Housing  
13 and Community Development Act of 1974, the limi-  
14 tation based on percentage of median income that is  
15 applicable pursuant to section 102(a)(20) for any  
16 area within the State or unit of general local govern-  
17 ment shall be the numerical percentage that is speci-  
18 fied in subparagraph (A) of such section.

19           (b) SELECTION.—In selecting the jurisdictions for  
20 which to grant such exceptions, the Secretary shall con-  
21 sider the relative median income of such jurisdictions and  
22 shall give preference to jurisdictions with the highest hous-  
23 ing costs.

1 **SEC. 406. HOUSING OPPORTUNITIES FOR PERSONS WITH**  
2 **AIDS.**

3 Section 863 of the Cranston-Gonzalez National Af-  
4 fordable Housing Act (42 U.S.C. 12912) is amended to  
5 read as follows:

6 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

7 “There is authorized to be appropriated to carry out  
8 this subtitle \$260,000,000 for fiscal year 2001 and such  
9 sums as may be necessary for each of fiscal years 2002,  
10 2003, 2004, and 2005.”.

11 **TITLE V—HOME INVESTMENT**  
12 **PARTNERSHIPS PROGRAM**

13 **SEC. 501. REAUTHORIZATION.**

14 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
15 205 of the Cranston-Gonzalez National Affordable Hous-  
16 ing Act (42 U.S.C. 12724) is amended to read as follows:

17 **“SEC. 205. AUTHORIZATION.**

18 “(a) IN GENERAL.—There is authorized to be appro-  
19 priated to carry out this title \$1,650,000,000 for fiscal  
20 year 2001 and such sums as may be necessary for each  
21 of fiscal years 2002, 2003, 2004, and 2005, of which—

22 “(1) not more than \$25,000,000 in each such  
23 fiscal year shall be for community housing partner-  
24 ship activities authorized under section 233; and

25 “(2) not more than \$15,000,000 in each such  
26 fiscal year shall be for activities in support of State

1 and local housing strategies authorized under sub-  
2 title C.

3 “(b) PROHIBITION OF SET-ASIDES.—Except as pro-  
4 vided in subsection (a) of this section and section  
5 217(a)(3), amounts appropriated pursuant to subsection  
6 (a) of this section or otherwise to carry out this title shall  
7 be used only for formula-based grants allocated pursuant  
8 to section 217 and may not be otherwise used unless the  
9 provision of law providing for such other use specifically  
10 refers to this subsection and specifically states that such  
11 provision modifies or supersedes the provisions of this sub-  
12 section.”.

13 (b) ALLOCATIONS OF AMOUNTS.—Section 104(19) of  
14 the Cranston-Gonzalez National Affordable Housing Act  
15 (42 U.S.C. 12704(19)) is amended by adding at the end  
16 the following: “The term ‘city’ shall have the meaning  
17 given such term in section 102(a)(5)(B) of such Act. A  
18 town or township that is classified as a city by reason of  
19 subclause (II) of section 102(a)(5)(A)(B)(iii) of such Act  
20 shall be treated, notwithstanding section 102(d)(1) of such  
21 Act, as an entity separate from the urban county in which  
22 it is located for purposes of allocation of amounts under  
23 section 217 of this Act to units of general local govern-  
24 ment from amounts made available for any fiscal year be-  
25 ginning after the date of the enactment of the American

1 Homeownership and Economic Opportunity Act of  
2 2000.”.

3 **SEC. 502. ELIGIBILITY OF LIMITED EQUITY COOPERATIVES**  
4 **AND MUTUAL HOUSING ASSOCIATIONS.**

5 (a) CONGRESSIONAL FINDINGS.—Section 202(10) of  
6 the Cranston-Gonzalez National Affordable Housing Act  
7 (42 U.S.C. 12721(10)) is amended by inserting “mutual  
8 housing associations,” after “limited equity cooperatives,”.

9 (b) DEFINITIONS.—Section 104 of the Cranston-  
10 Gonzalez National Affordable Housing Act (42 U.S.C.  
11 12704) is amended—

12 (1) by redesignating paragraph (23) as para-  
13 graph (22);

14 (2) by redesignating paragraph (24) (relating to  
15 the definition of “insular area”) as paragraph (23);  
16 and

17 (3) by adding at the end the following new  
18 paragraphs:

19 “(26) The term ‘limited equity cooperative’  
20 means a cooperative housing corporation which, in a  
21 manner determined by the Secretary to be accept-  
22 able, restricts income eligibility of purchasers of  
23 membership shares of stock in the cooperative cor-  
24 poration or the initial and resale price of such

1 shares, or both, so that the shares remain available  
2 and affordable to low-income families.

3 “(27) The term ‘mutual housing association’  
4 means a private entity that—

5 “(A) is organized under State law;

6 “(B) is described in section 501(c) of the  
7 Internal Revenue Code of 1986 and exempt  
8 from taxation under section 501(a) of such  
9 Code;

10 “(C) owns, manages, and continuously de-  
11 velops affordable housing by providing long-  
12 term housing for low- and moderate-income  
13 families;

14 “(D) provides that eligible families who  
15 purchase membership interests in the associa-  
16 tion shall have a right to residence in a dwelling  
17 unit in the housing during the period that they  
18 hold such membership interest; and

19 “(E) provides for the residents of such  
20 housing to participate in the ongoing manage-  
21 ment of the housing.”.

22 (c) ELIGIBILITY.—Section 215 of the Cranston-Gon-  
23 zalez National Affordable Housing Act (42 U.S.C. 12745)  
24 is amended—

1 (1) in subsection (b), by adding after and below  
2 paragraph (4) the following:

3 “Housing that is owned by a limited equity cooperative  
4 or a mutual housing association may be considered by a  
5 participating jurisdiction to be housing for homeownership  
6 for purposes of this title to the extent that ownership or  
7 membership in such a cooperative or association, respec-  
8 tively, constitutes homeownership under State or local  
9 laws.”; and

10 (2) in subsection (a), by adding at the end the  
11 following new paragraph:

12 “(6) LIMITED EQUITY COOPERATIVES AND MU-  
13 TUAL HOUSING ASSOCIATIONS.—Housing that is  
14 owned by a limited equity cooperative or a mutual  
15 housing association may be considered by a partici-  
16 pating jurisdiction to be rental housing for purposes  
17 of this title to the extent that ownership or member-  
18 ship in such a cooperative or association, respec-  
19 tively, constitutes rental of a dwelling under State or  
20 local laws.”.

21 **SEC. 503. LEVERAGING AFFORDABLE HOUSING INVEST-**  
22 **MENT THROUGH LOCAL LOAN POOLS.**

23 (a) ELIGIBLE INVESTMENTS.—Section 212(b) of the  
24 Cranston-Gonzalez National Affordable Housing Act (42  
25 U.S.C. 12742(b)) is amended by inserting after “interest

1 subsidies” the following: “, advances to provide reserves  
2 for loan pools or to provide partial loan guarantees,”.

3 (b) **TIMELY INVESTMENT OF TRUST FUNDS.**—Sec-  
4 tion 218(e) of the Cranston-Gonzalez National Affordable  
5 Housing Act (42 U.S.C. 12748) is amended to read as  
6 follows:

7 “(e) **INVESTMENT WITHIN 15 DAYS.**—

8 “(1) **IN GENERAL.**—The participating jurisdic-  
9 tion shall, not later than 15 days after funds are  
10 drawn from the jurisdiction’s **HOME** Investment  
11 Trust Fund, invest such funds, together with any in-  
12 terest earned thereon, in the affordable housing for  
13 which the funds were withdrawn.

14 “(2) **LOAN POOLS.**—In the case of a partici-  
15 pating jurisdiction that withdraws Trust Fund  
16 amounts for investment in the form of an advance  
17 for reserves or partial loan guarantees under a pro-  
18 gram providing such credit enhancement for loans  
19 for affordable housing, the amounts shall be consid-  
20 ered to be invested for purposes of paragraph (1)  
21 upon the completion of both of the following actions:

22 “(A) Control of the amounts is transferred  
23 to the program.

1           “(B) The jurisdiction and the entity oper-  
2           ating the program enter into a written agree-  
3           ment that—

4                   “(i) provides that such funds may be  
5                   used only in connection with such program;

6                   “(ii) defines the terms and conditions  
7                   of the loan pool reserve or partial loan  
8                   guarantees; and

9                   “(iii) provides that such entity shall  
10                  ensure that amounts from non-Federal  
11                  sources have been contributed, or are com-  
12                  mitted for contribution, to the pool avail-  
13                  able for loans for affordable housing that  
14                  will be backed by such reserves or loan  
15                  guarantees in an amount equal to 10 times  
16                  the amount invested from Trust Fund  
17                  amounts.”.

18           (c) EXPIRATION OF RIGHT TO WITHDRAW FUNDS.—  
19           Section 218(g) of the Cranston-Gonzalez National Afford-  
20           able Housing Act (42 U.S.C. 12748(g)) is amended to  
21           read as follows:

22                   “(g) EXPIRATION OF RIGHT TO DRAW FUNDS.—

23                   “(1) IN GENERAL.—If any funds becoming  
24                   available to a participating jurisdiction under this  
25                   title are not placed under binding commitment to af-

1       fordable housing within 24 months after the last day  
2       of the month in which such funds are deposited in  
3       the jurisdiction's HOME Investment Trust Fund,  
4       the jurisdiction's right to draw such funds from the  
5       HOME Investment Trust Fund shall expire. The  
6       Secretary shall reduce the line of credit in the par-  
7       ticipating jurisdiction's HOME Investment Trust  
8       Fund by the expiring amount and shall reallocate  
9       the funds by formula in accordance with section  
10      217(d).

11           “(2) LOAN POOLS.—In the case of a partici-  
12      pating jurisdiction that withdraws Trust Fund  
13      amounts for investment in the manner provided  
14      under subsection (e)(2), the amounts shall be consid-  
15      ered to be placed under binding commitment to af-  
16      fordable housing for purposes of paragraph (1) of  
17      this subsection at the time that the amounts are ob-  
18      ligated for use under, and are subject to, a written  
19      agreement described in subsection (e)(2)(B).”.

20      (d) TREATMENT OF MIXED INCOME LOAN POOLS AS  
21      AFFORDABLE HOUSING.—

22           (1) IN GENERAL.—Section 215 of the Cran-  
23      ston-Gonzalez National Affordable Housing Act (42  
24      U.S.C. 12745) is amended by adding at the end the  
25      following new subsection:

1           “(c) LOAN POOLS.—Notwithstanding subsections (a)  
2 and (b), housing financed using amounts invested as pro-  
3 vided in section 218(e)(2) shall qualify as affordable hous-  
4 ing only if the housing complies with the following require-  
5 ments:

6           “(1) In the case of housing that is for  
7 homeownership—

8           “(A) of the units financed with amounts so  
9 invested—

10           “(i) not less than 75 percent are prin-  
11 cipal residences of owners whose families  
12 qualify as low-income families—

13           “(I) in the case of a contract to  
14 purchase existing housing, at the time  
15 of purchase;

16           “(II) in the case of a lease-pur-  
17 chase agreement for existing housing  
18 or for housing to be constructed, at  
19 the time the agreement is signed; or

20           “(III) in the case of a contract to  
21 purchase housing to be constructed, at  
22 the time the contract is signed;

23           “(ii) all are principal residences of  
24 owners whose families qualify as moderate-  
25 income families—

1                   “(I) in the case of a contract to  
2                   purchase existing housing, at the time  
3                   of purchase;

4                   “(II) in the case of a lease-pur-  
5                   chase agreement for existing housing  
6                   or for housing to be constructed, at  
7                   the time the agreement is signed; or

8                   “(III) in the case of a contract to  
9                   purchase housing to be constructed, at  
10                  the time the contract is signed; and

11                  “(iii) all comply with paragraphs (3)  
12                  and (4) of subsection (b), except that para-  
13                  graph (3) shall be applied for purposes of  
14                  this clause by substituting ‘subsection  
15                  (c)(2)(B)’ and ‘low- and moderate-income  
16                  homebuyers’ for ‘paragraph (2)’ and ‘low-  
17                  income homebuyers’, respectively; and

18                  “(B) units made available for purchase  
19                  only by families who qualify as low-income fam-  
20                  ilies shall have an initial purchase price that  
21                  complies with the requirements of subsection  
22                  (b)(1).

23                  “(2) In the case of housing that is for rental,  
24                  the housing—

1           “(A) complies with subparagraphs (D)  
2 through (F) of subsection (a)(1);

3           “(B)(i) has not less than 75 percent of the  
4 units occupied by households that qualify as  
5 low-income families and is occupied only by  
6 households that qualify as moderate-income  
7 families; or

8           “(ii) temporarily fails to comply with  
9 clause (i) only because of increases in the in-  
10 comes of existing tenants and actions satisfac-  
11 tory to the Secretary are being taken to ensure  
12 that all vacancies in the housing are being filled  
13 in accordance with clause (i) until such non-  
14 compliance is corrected; and

15           “(C) bears rents, in the case of units made  
16 available for occupancy only by households that  
17 qualify as low-income families, that comply with  
18 the requirements of subsection (a)(1)(A).

19 Paragraphs (4) and (5) of subsection (a) shall apply  
20 to housing that is subject to this subsection.”.

21           (2) DEFINITION.—Section 104 of the Cranston-  
22 Gonzalez National Affordable Housing Act (42  
23 U.S.C. 12704), as amended by section 502 of this  
24 Act, is further amended by adding at the end the  
25 following new paragraph:

1           “(28) The term ‘moderate income families’  
2           means families whose incomes do not exceed the me-  
3           dian income for the area, as determined by the Sec-  
4           retary with adjustments for smaller and larger fami-  
5           lies, except that the Secretary may establish income  
6           ceilings higher or lower than the median income for  
7           the area on the basis of the Secretary’s findings that  
8           such variations are necessary because of prevailing  
9           levels of construction costs or fair market rents, or  
10          unusually high or low family incomes.”.

11 **SEC. 504. LOAN GUARANTEES.**

12          Subtitle A of title II of the Cranston-Gonzalez Na-  
13          tional Affordable Housing Act (42 U.S.C. 12741 et seq.)  
14          is amended by adding at the end the following new section:

15 **“SEC. 227. LOAN GUARANTEES.**

16          “(a) **AUTHORITY.**—The Secretary may, upon such  
17          terms and conditions as the Secretary may prescribe,  
18          guarantee and make commitments to guarantee, only to  
19          such extent or in such amounts as provided in appropria-  
20          tions Acts, the notes or other obligations issued by eligible  
21          participating jurisdictions or by public agencies designated  
22          by and acting on behalf of eligible participating jurisdic-  
23          tions for purposes of financing (including credit enhance-  
24          ments and debt service reserves) the acquisition, new con-  
25          struction, reconstruction, or moderate or substantial reha-

1 bilitation of affordable housing (including real property ac-  
2 quisition, site improvement, conversion, and demolition),  
3 and other related expenses (including financing costs and  
4 relocation expenses of any displaced persons, families,  
5 businesses, or organizations). Housing funded under this  
6 section shall meet the requirements of this subtitle.

7       “(b) REQUIREMENTS.—Notes or other obligations  
8 guaranteed under this section shall be in such form and  
9 denominations, have such maturities, and be subject to  
10 such conditions as may be prescribed by the Secretary.  
11 The Secretary may not deny a guarantee under this sec-  
12 tion on the basis of the proposed repayment period for  
13 the note or other obligation, unless the period is more than  
14 20 years or the Secretary determines that the period oth-  
15 erwise causes the guarantee to constitute an unacceptable  
16 financial risk.

17       “(c) LIMITATION ON TOTAL NOTES AND OBLIGA-  
18 TIONS.—The Secretary may not guarantee or make a com-  
19 mitment to guarantee any note or other obligation if the  
20 total outstanding notes or obligations guaranteed under  
21 this section on behalf of the participating jurisdiction  
22 issuing the note or obligation (excluding any amount  
23 defeased under a contract entered into under subsection  
24 (e)(1)) would thereby exceed an amount equal to 5 times

1 the amount of the participating jurisdiction's latest alloca-  
2 tion under section 217.

3       “(d) USE OF PROGRAM FUNDS.—Notwithstanding  
4 any other provision of this subtitle, funds allocated to the  
5 participating jurisdiction under this subtitle (including  
6 program income derived therefrom) are authorized for use  
7 in the payment of principal and interest due on the notes  
8 or other obligations guaranteed pursuant to this section  
9 and the payment of such servicing, underwriting, or other  
10 issuance or collection charges as may be specified by the  
11 Secretary.

12       “(e) SECURITY.—To assure the full repayment of  
13 notes or other obligations guaranteed under this section,  
14 and payment of the issuance or collection charges specified  
15 by the Secretary under subsection (d), and as a prior con-  
16 dition for receiving such guarantees, the Secretary shall  
17 require the participating jurisdiction (and its designated  
18 public agency issuer, if any) to—

19               “(1) enter into a contract, in a form acceptable  
20 to the Secretary, for repayment of such notes or  
21 other obligations and the other specified charges;

22               “(2) pledge as security for such repayment any  
23 allocation for which the participating jurisdiction  
24 may become eligible under this subtitle; and

1           “(3) furnish, at the discretion of the Secretary,  
2           such other security as may be deemed appropriate  
3           by the Secretary in making such guarantees, which  
4           may include increments in local tax receipts gen-  
5           erated by the housing assisted under this section or  
6           disposition proceeds from the sale of land or hous-  
7           ing.

8           “(f) REPAYMENT AUTHORITY.—The Secretary may,  
9           notwithstanding any other provision of this subtitle or any  
10          other Federal, State, or local law, apply allocations  
11          pledged pursuant to subsection (e) to any repayments due  
12          the United States as a result of such guarantees.

13          “(g) FULL FAITH AND CREDIT.—The full faith and  
14          credit of the United States is pledged to the payment of  
15          all guarantees made under this section. Any such guar-  
16          antee made by the Secretary shall be conclusive evidence  
17          of the eligibility of the notes or other obligations for such  
18          guarantee with respect to principal and interest, and the  
19          validity of any such guarantee so made shall be incontest-  
20          able in the hands of a holder of the guaranteed obligations.

21          “(h) TAX STATUS.—With respect to any obligation  
22          guaranteed pursuant to this section, the guarantee and  
23          the obligation shall be designed in a manner such that the  
24          interest paid on such obligation shall be included in gross

1 income for purposes of the Internal Revenue Code of  
2 1986.

3 “(i) MONITORING.—The Secretary shall monitor the  
4 use of guarantees under this section by eligible partici-  
5 pating jurisdictions. If the Secretary finds that 50 percent  
6 of the aggregate guarantee authority for any fiscal year  
7 has been committed, the Secretary may impose limitations  
8 on the amount of guarantees any 1 participating jurisdie-  
9 tion may receive during that fiscal year.

10 “(j) GUARANTEE OF TRUST CERTIFICATES.—

11 “(1) AUTHORITY.—The Secretary may, upon  
12 such terms and conditions as the Secretary deems  
13 appropriate, guarantee the timely payment of the  
14 principal of and interest on such trust certificates or  
15 other obligations as may—

16 “(A) be offered by the Secretary or by any  
17 other offeror approved for purposes of this sub-  
18 section by the Secretary; and

19 “(B) be based on and backed by a trust or  
20 pool composed of notes or other obligations  
21 guaranteed or eligible for guarantee by the Sec-  
22 retary under this section.

23 “(2) FULL FAITH AND CREDIT.—To the same  
24 extent as provided in subsection (g), the full faith  
25 and credit of the United States is pledged to the

1 payment of all amounts which may be required to be  
2 paid under any guarantee by the Secretary under  
3 this subsection.

4 “(3) SUBROGATION.—In the event the Sec-  
5 retary pays a claim under a guarantee issued under  
6 this section, the Secretary shall be subrogated fully  
7 to the rights satisfied by such payment.

8 “(4) OTHER POWERS AND RIGHTS.—No State  
9 or local law, and no Federal law, shall preclude or  
10 limit the exercise by the Secretary of—

11 “(A) the power to contract with respect to  
12 public offerings and other sales of notes, trust  
13 certificates, and other obligations guaranteed  
14 under this section, upon such terms and condi-  
15 tions as the Secretary deems appropriate;

16 “(B) the right to enforce, by any means  
17 deemed appropriate by the Secretary, any such  
18 contract; and

19 “(C) the Secretary’s ownership rights, as  
20 applicable, in notes, certificates or other obliga-  
21 tions guaranteed under this section, or consti-  
22 tuting the trust or pool against which trust cer-  
23 tificates or other obligations guaranteed under  
24 this section are offered.

1           “(k) AGGREGATE LIMITATION.—The total amount of  
2 outstanding obligations guaranteed on a cumulative basis  
3 by the Secretary under this section shall not at any time  
4 exceed \$2,000,000,000.”.

5 **SEC. 505. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

6           (a) ELIGIBLE ACTIVITIES.—Paragraph (2) of section  
7 215(b) of the Cranston-Gonzalez National Affordable  
8 Housing Act (42 U.S.C. 12745(b)(2)) is amended to read  
9 as follows:

10           “(2) is the principal residence of an owner  
11 who—

12           “(A) is a member of a family that qualifies  
13 as a low-income family—

14           “(i) in the case of a contract to pur-  
15 chase existing housing, at the time of pur-  
16 chase;

17           “(ii) in the case of a lease-purchase  
18 agreement for existing housing or for hous-  
19 ing to be constructed, at the time the  
20 agreement is signed; or

21           “(iii) in the case of a contract to pur-  
22 chase housing to be constructed, at the  
23 time the contract is signed; or

24           “(B)(i) is a uniformed employee (which  
25 shall include policemen, firemen, and sanitation

1           and other maintenance workers) or a teacher  
2           who is an employee, of the participating juris-  
3           diction (or an agency or school district serving  
4           such jurisdiction) that is investing funds made  
5           available under this subtitle to support home-  
6           ownership of the residence; and

7                   “(ii) is a member of a family whose in-  
8           come, at the time referred to in clause (i), (ii),  
9           or (iii) of subparagraph (A), as appropriate,  
10          and as determined by the Secretary with ad-  
11          justments for smaller and larger families, does  
12          not exceed 150 percent of the median income of  
13          the area;”.

14          (b) INCOME TARGETING.—Section 214(2) of the  
15          Cranston-Gonzalez National Affordable Housing Act (42  
16          U.S.C. 12744(2)) is amended by inserting before the semi-  
17          colon the following: “or families described in section  
18          215(b)(2)(B)”.

19          (c) ELIGIBLE INVESTMENTS.—Section 212(b) of the  
20          Cranston-Gonzalez National Affordable Housing Act (42  
21          U.S.C. 12742(b)) is amended by adding at the end the  
22          following new sentence: “Notwithstanding the preceding  
23          sentence, in the case of homeownership assistance for resi-  
24          dences of owners described in section 215(b)(2)(B), funds  
25          made available under this subtitle may only be invested

1 (A) to provide amounts for downpayments on mortgages,  
2 (B) to pay reasonable closing costs normally associated  
3 with the purchase of a residence, (C) to obtain pre- or  
4 post-purchase counseling relating to the financial and  
5 other obligations of homeownership, or (D) to subsidize  
6 mortgage interest rates.”.

7 **TITLE VI—LOCAL**  
8 **HOMEOWNERSHIP INITIATIVES**

9 **SEC. 601. REAUTHORIZATION OF NEIGHBORHOOD REIN-**  
10 **VESTMENT CORPORATION.**

11 Section 608(a)(1) of the Neighborhood Reinvestment  
12 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by  
13 striking the first sentence and inserting the following new  
14 sentence: “There is authorized to be appropriated to the  
15 corporation to carry out this title \$90,000,000 for fiscal  
16 year 2001 and such sums as may be necessary for each  
17 of fiscal years 2002 through 2005.”.

18 **SEC. 602. HOMEOWNERSHIP ZONES.**

19 Section 186 of the Housing and Community Develop-  
20 ment Act of 1992 (42 U.S.C. 12898a) is amended to read  
21 as follows:

22 **“SEC. 186. HOMEOWNERSHIP ZONE GRANTS.**

23 “(a) **AUTHORITY.**—The Secretary of Housing and  
24 Urban Development may make grants to units of general  
25 local government to assist homeownership zones. Home-

1 ownership zones are contiguous, geographically defined  
2 areas, primarily residential in nature, in which large-scale  
3 development projects are designed to reclaim distressed  
4 neighborhoods by creating homeownership opportunities  
5 for low- and moderate-income families. Projects in home-  
6 ownership zones are intended to serve as a catalyst for  
7 private investment, business creation, and neighborhood  
8 revitalization.

9 “(b) ELIGIBLE ACTIVITIES.—Amounts made avail-  
10 able under this section may be used for projects that in-  
11 clude any of the following activities in the homeownership  
12 zone:

13 “(1) Acquisition, construction, and rehabilita-  
14 tion of housing.

15 “(2) Site acquisition and preparation, including  
16 demolition, construction, reconstruction, or installa-  
17 tion of public and other site improvements and utili-  
18 ties directly related to the homeownership zone.

19 “(3) Direct financial assistance to homebuyers.

20 “(4) Homeownership counseling.

21 “(5) Relocation assistance.

22 “(6) Marketing costs, including affirmative  
23 marketing activities.

24 “(7) Other project-related costs.

1           “(8) Reasonable administrative costs (up to 5  
2           percent of the grant amount).

3           “(9) Other housing-related activities proposed  
4           by the applicant as essential to the success of the  
5           homeownership zone and approved by the Secretary.

6           “(c) APPLICATION.—To be eligible for a grant under  
7           this section, a unit of general local government shall sub-  
8           mit an application for a homeownership zone grant in such  
9           form and in accordance with such procedures as the Sec-  
10          retary shall establish.

11          “(d) SELECTION CRITERIA.—The Secretary shall se-  
12          lect applications for funding under this section through  
13          a national competition, using selection criteria established  
14          by the Secretary, which shall include—

15                 “(1) the degree to which the proposed activities  
16                 will result in the improvement of the economic, so-  
17                 cial, and physical aspects of the neighborhood and  
18                 the lives of its residents through the creation of new  
19                 homeownership opportunities;

20                 “(2) the levels of distress in the homeownership  
21                 zone as a whole, and in the immediate neighborhood  
22                 of the project for which assistance is requested;

23                 “(3) the financial soundness of the plan for fi-  
24                 nancing homeownership zone activities;

25                 “(4) the leveraging of other resources; and

1           “(5) the capacity to successfully carry out the  
2           plan.

3           “(e) GRANT APPROVAL AMOUNTS.—The Secretary  
4           may establish a maximum amount for any grant for any  
5           funding round under this section. A grant may not be  
6           made in an amount that exceeds the amount that the Sec-  
7           retary determines is necessary to fund the project for  
8           which the application is made.

9           “(f) PROGRAM REQUIREMENTS.—A homeownership  
10          zone proposal shall—

11           “(1) provide for a significant number of new  
12          homeownership opportunities that will make a visible  
13          improvement in an immediate neighborhood;

14           “(2) not be inconsistent with such planning and  
15          design principles as may be prescribed by the Sec-  
16          retary;

17           “(3) be designed to stimulate additional invest-  
18          ment in that area;

19           “(4) provide for partnerships with persons or  
20          entities in the private and nonprofit sectors;

21           “(5) incorporate a comprehensive approach to  
22          revitalization of the neighborhood;

23           “(6) establish a detailed time-line for com-  
24          mencement and completion of construction activities;

25          and

1           “(7) provide for affirmatively furthering fair  
2           housing.

3           “(g) INCOME TARGETING.—At least 51 percent of  
4 the homebuyers assisted with funds under this section  
5 shall have household incomes at or below 80 percent of  
6 median income for the area, as determined by the Sec-  
7 retary.

8           “(h) ENVIRONMENTAL REVIEW.—For purposes of  
9 environmental review, decisionmaking, and action pursu-  
10 ant to the National Environmental Policy Act of 1969 and  
11 other provisions of law that further the purposes of such  
12 Act, a grant under this section shall be treated as assist-  
13 ance under the HOME Investment Partnerships Act and  
14 shall be subject to the regulations issued by the Secretary  
15 to implement section 288 of such Act.

16           “(i) REVIEW, AUDIT, AND REPORTING.—The Sec-  
17 retary shall make such reviews and audits and establish  
18 such reporting requirements as may be necessary or ap-  
19 propriate to determine whether the grantee has carried out  
20 its activities in a timely manner and in accordance with  
21 the requirements of this section. The Secretary may ad-  
22 just, reduce, or withdraw amounts made available, or take  
23 other action as appropriate, in accordance with the Sec-  
24 retary’s performance reviews and audits under this sec-  
25 tion.

1           “(j) AUTHORIZATION.—There is authorized to be ap-  
2           propriated to carry out this section \$25,000,000 for fiscal  
3           year 2001 and such sums as may be necessary for fiscal  
4           year 2002, to remain available until expended.”.

5           **SEC. 603. LEASE-TO-OWN.**

6           (a) SENSE OF CONGRESS.—It is the sense of the Con-  
7           gress that residential tenancies under lease-to-own provi-  
8           sions can facilitate homeownership by low- and moderate-  
9           income families and provide opportunities for homeowner-  
10          ship for such families who might not otherwise be able  
11          to afford homeownership.

12          (b) REPORT.—Not later than the expiration of the  
13          3-month period beginning on the date of the enactment  
14          of this Act, the Secretary of Housing and Urban Develop-  
15          ment shall submit a report to the Congress—

16                 (1) analyzing whether lease-to-own provisions  
17                 can be effectively incorporated within the HOME in-  
18                 vestment partnerships program, the public housing  
19                 program, the tenant-based rental assistance program  
20                 under section 8 of the United States Housing Act of  
21                 1937, or any other programs of the Department to  
22                 facilitate homeownership by low- or moderate-income  
23                 families; and

24                 (2) any legislative or administrative changes  
25                 necessary to alter or amend such programs to allow

1 the use of lease-to-own options to provide home-  
2 ownership opportunities.

3 **SEC. 604. LOCAL CAPACITY BUILDING.**

4 Section 4 of the HUD Demonstration Act of 1993  
5 (42 U.S.C. 9816 note) is amended—

6 (1) in subsection (a), by inserting “National  
7 Association of Housing Partnerships,” after “Hu-  
8 manity,”; and

9 (2) in subsection (e), by striking “\$25,000,000”  
10 and all that follows and inserting “, for each fiscal  
11 year, such sums as may be necessary to carry out  
12 this section.”.

13 **SEC. 605. CONSOLIDATED APPLICATION AND PLANNING**  
14 **REQUIREMENT AND SUPER-NOFA.**

15 (a) CONSOLIDATED APPLICATION.—Section 106 of  
16 the Cranston-Gonzalez National Affordable Housing Act  
17 (42 U.S.C. 12706) is amended to read as follows:

18 **“SEC. 106. CONSOLIDATED APPLICATION FOR COMMUNITY**  
19 **PLANNING AND DEVELOPMENT PROGRAMS.**

20 “(a) REQUIREMENT.—The Secretary shall, by regula-  
21 tion, provide for jurisdictions to comply with the planning  
22 and application requirements under the covered programs  
23 under subsection (b) by submitting to the Secretary, for  
24 a program year, a single consolidated submission under  
25 this section that complies with the requirements for plan-

1 ning and application submissions under the laws relating  
2 to the covered programs and shall serve, for the jurisdic-  
3 tion, as the planning document and an application for  
4 funding under the covered programs.

5 “(b) COVERED PROGRAMS.—The covered programs  
6 under this subsection are the following programs:

7 “(1) The HOME investment partnerships pro-  
8 gram under title II of this Act (42 U.S.C. 12721 et  
9 seq.).

10 “(2) The community development block grant  
11 program under title I of the Housing and Commu-  
12 nity Development Act of 1974 (42 U.S.C. 5301 et  
13 seq.).

14 “(3) The economic development initiative pro-  
15 gram under section 108(q) of the Housing and Com-  
16 munity Development Act of 1974 (42 U.S.C.  
17 5308(q)).

18 “(4) The emergency shelter grants program  
19 under subtitle B of title IV of the Stewart B.  
20 McKinney Homeless Assistance Act (42 U.S.C.  
21 11371 et seq.).

22 “(5) The housing opportunities for persons with  
23 AIDS program under subtitle D of title VIII of the  
24 Cranston-Gonzalez National Affordable Housing Act  
25 (42 U.S.C. 12901 et seq.).

1           “(c) PROGRAM YEAR.—In establishing requirements  
2 for a consolidated submission under this section, the Sec-  
3 retary shall provide for a consolidated program year,  
4 which shall comply with the various application and review  
5 deadlines under the covered programs.

6           “(d) ADEQUACY OF EXISTING REGULATIONS.—The  
7 regulations of the Secretary relating to consolidated sub-  
8 missions for community planning and development pro-  
9 grams, part 91 of title 24, Code of Federal Regulations,  
10 as in effect on March 1, 1999, shall be considered to be  
11 sufficient to comply with this section, except to the extent  
12 that the program referred to in paragraph (3) of sub-  
13 section (b) is not covered by such regulations.

14           “(e) CONSISTENCY.—The Secretary shall, by regula-  
15 tion or otherwise, as deemed by the Secretary to be appro-  
16 priate, require any application for housing assistance  
17 under title II of this Act, assistance under the Housing  
18 and Community Development Act of 1974, or assistance  
19 under the Stewart B. McKinney Homeless Assistance Act,  
20 to contain or be accompanied by a certification by an ap-  
21 propriate State or local public official that the proposed  
22 housing activities are consistent with the housing strategy  
23 of the jurisdiction to be served.”.

1 (b) SUPER-NOFA.—The Department of Housing  
2 and Urban Development Act is amended by inserting after  
3 section 12 (42 U.S.C. 3537a) the following new section:

4 **“SEC. 13. NOTICE OF FUNDING AVAILABILITY.**

5 “(a) REQUIREMENT.—In making amounts for a fiscal  
6 year under the covered programs under subsection (b)  
7 available to applicants, the Secretary shall issue a consoli-  
8 dated notice of funding availability that—

9 “(1) applies to as many of the covered pro-  
10 grams as the Secretary determines is practicable;

11 “(2) simplifies the application process for fund-  
12 ing under such programs by providing for applica-  
13 tion under various covered programs through a sin-  
14 gle, unified application;

15 “(3) promotes comprehensive approaches to  
16 housing and community development by providing  
17 for applicants to identify coordination of efforts  
18 under various covered programs; and

19 “(4) clearly informs prospective applicants of  
20 the general and specific requirements under law for  
21 applying for funding under such programs.

22 “(b) COVERED PROGRAMS.—The covered programs  
23 under this subsection are the programs that are adminis-  
24 tered by the Secretary and identified by the Secretary for  
25 purposes of this section, in the following areas:

1           “(1) Housing and community development pro-  
2           grams.

3           “(2) Economic development and empowerment  
4           programs.

5           “(3) Targeted housing assistance and homeless  
6           assistance programs.”.

7 **SEC. 606. ASSISTANCE FOR SELF-HELP HOUSING PRO-**  
8 **VIDERS.**

9           (a) REAUTHORIZATION.—Subsection (p) of section  
10 11 of the Housing Opportunity Program Extension Act  
11 of 1996 (42 U.S.C. 12805 note) is amended to read as  
12 follows:

13           “(p) AUTHORIZATION OF APPROPRIATIONS.—There  
14 is authorized to be appropriated to carry out this section  
15 \$25,000,000 for fiscal year 2001 and such sums as may  
16 be necessary for each of fiscal years 2002 and 2003.”.

17           (b) ELIGIBLE EXPENSES.—Section 11(d)(2)(A) of  
18 the Housing Opportunity Program Extension Act of 1996  
19 (42 U.S.C. 12805 note) is amended by inserting before  
20 the period at the end the following: “, which may include  
21 reimbursing an organization, consortium, or affiliate, upon  
22 approval of any required environmental review, for  
23 nongrant amounts of the organization, consortium, or af-  
24 filiate advanced before such review to acquire land”.

1           (c) DEADLINE FOR RECAPTURE OF FUNDS.—Section  
2 11 of the Housing Opportunity Program Extension Act  
3 of 1996 (42 U.S.C. 12805 note) is amended—

4           (1) in subsection (i)(5)—

5           (A) by striking “if the organization or con-  
6 sortia has not used any grant amounts” and in-  
7 serting “the Secretary shall recapture any grant  
8 amounts provided to the organization or con-  
9 sortia that are not used”;

10           (B) by striking “(or,” and inserting “, ex-  
11 cept that such period shall be 36 months”; and

12           (C) by striking “within 36 months), the  
13 Secretary shall recapture such unused  
14 amounts” and inserting “and in the case of a  
15 grant amounts provided to a local affiliate of  
16 the organization or consortia that is developing  
17 5 or more dwellings in connection with such  
18 grant amounts”; and

19           (2) in subsection (j), by inserting after “carry  
20 out this section” the following: “and grant amounts  
21 provided to a local affiliate of the organization or  
22 consortia that is developing 5 or more dwellings in  
23 connection with such grant amounts”.

1 (d) TECHNICAL CORRECTIONS.—Section 11 of the  
2 Housing Opportunity Program Extension Act of 1996 (42  
3 U.S.C. 12805 note) is amended—

4 (1) in subsection (b)(4), by striking “Habitat  
5 for Humanity International, its affiliates, and  
6 other”; and

7 (2) in subsection (e)(2), by striking “consoria”  
8 and inserting “consortia”.

9 **SEC. 607. HOUSING COUNSELING ORGANIZATIONS.**

10 Section 106 of the Housing and Urban Development  
11 Act of 1968 (12 U.S.C. 1701x) is amended—

12 (1) in subsection (a)(1)(ii), by inserting “and  
13 cooperative housing” before the semicolon at the  
14 end; and

15 (2) in subsection (c)—

16 (A) in paragraph (1)—

17 (i) in subparagraph (A), by striking  
18 “and” at the end;

19 (ii) in subparagraph (B), by striking  
20 the period at the end and inserting a semi-  
21 colon; and

22 (iii) by adding at the end the fol-  
23 lowing new subparagraph:

24 “(C) to the National Cooperative Bank De-  
25 velopment Corporation—

1                   “(i) to provide homeownership coun-  
2                   seling to eligible homeowners that is spe-  
3                   cifically designed to relate to ownership  
4                   under cooperative housing arrangements;  
5                   and

6                   “(ii) to assist in the establishment  
7                   and operation of well-managed and viable  
8                   cooperative housing boards.”;

9                   (B) in paragraph (4)(A), by inserting be-  
10                  fore the semicolon at the end the following: “or,  
11                  in the case of a home loan made to finance the  
12                  purchase of stock or membership in a coopera-  
13                  tive ownership housing corporation, by the stock  
14                  or membership interest”; and

15                  (C) in paragraph (6)(C), by adding before  
16                  the period at the end the following: “and in-  
17                  cludes a loan that is secured by a first lien  
18                  given in accordance with the laws of the State  
19                  where the property is located and that is made  
20                  to finance the purchase of stock or membership  
21                  in a cooperative ownership housing corporation  
22                  the permanent occupancy of dwelling units of  
23                  which is restricted to members of such corpora-  
24                  tion, where the purchase of such stock or mem-

1           bership will entitle the purchaser to the perma-  
2           nent occupancy of 1 of such units”.

3           **TITLE VII—INDIAN HOUSING**  
4           **HOMEOWNERSHIP**

5   **SEC. 701. LANDS TITLE REPORT COMMISSION.**

6           (a) ESTABLISHMENT.—Subject to sums being pro-  
7   vided in advance in appropriations Acts, there is estab-  
8   lished a Commission to be known as the Lands Title Re-  
9   port Commission (hereafter in this section referred to as  
10  the “Commission”) to facilitate home loan mortgages on  
11  Indian trust lands. The Commission will be subject to  
12  oversight by the Committee on Banking and Financial  
13  Services of the House of Representatives and the Com-  
14  mittee on Banking, Housing, and Urban Affairs of the  
15  Senate.

16          (b) MEMBERSHIP.—

17           (1) APPOINTMENT.—The Commission shall be  
18   composed of 12 members, appointed not later than  
19   90 days after the date of the enactment of this Act  
20   as follows:

21           (A) 4 members shall be appointed by the  
22   President.

23           (B) 4 members shall be appointed by the  
24   Chairperson of the Committee on Banking and

1 Financial Services of the House of Representa-  
2 tives.

3 (C) 4 members shall be appointed by the  
4 Chairperson of the Committee on Banking,  
5 Housing, and Urban Affairs of the Senate.

6 (2) QUALIFICATIONS.—

7 (A) MEMBERS OF TRIBES.—At all times,  
8 not less than 8 of the members of the Commis-  
9 sion shall be members of federally recognized  
10 Indian tribes.

11 (B) EXPERIENCE IN LAND TITLE MAT-  
12 TERS.—All members of the Commission shall  
13 have experience in and knowledge of land title  
14 matters relating to Indian trust lands.

15 (3) CHAIRPERSON.—The Chairperson of the  
16 Commission shall be one of the members of the  
17 Commission appointed under paragraph (1)(C), as  
18 elected by the members of the Commission.

19 (4) VACANCIES.—Any vacancy on the Commis-  
20 sion shall not affect its powers, but shall be filled in  
21 the manner in which the original appointment was  
22 made.

23 (5) TRAVEL EXPENSES.—Members of the Com-  
24 mission shall serve without pay, but each member  
25 shall receive travel expenses, including per diem in

1        lieu of subsistence, in accordance with sections 5702  
2        and 5703 of title 5, United States Code.

3        (c) INITIAL MEETING.—The Chairperson of the Com-  
4        mission shall call the initial meeting of the Commission.  
5        Such meeting shall be held within 30 days after the Chair-  
6        person of the Commission determines that sums sufficient  
7        for the Commission to carry out its duties under this Act  
8        have been appropriated for such purpose.

9        (d) DUTIES.—The Commission shall analyze the sys-  
10       tem of the Bureau of Indian Affairs of the Department  
11       of the Interior for maintaining land ownership records and  
12       title documents and issuing certified title status reports  
13       relating to Indian trust lands and, pursuant to such anal-  
14       ysis, determine how best to improve or replace the  
15       system—

16            (1) to ensure prompt and accurate responses to  
17       requests for title status reports;

18            (2) to eliminate any backlog of requests for title  
19       status reports; and

20            (3) to ensure that the administration of the sys-  
21       tem will not in any way impair or restrict the ability  
22       of Native Americans to obtain conventional loans for  
23       purchase of residences located on Indian trust lands,  
24       including any actions necessary to ensure that the  
25       system will promptly be able to meet future demands

1 for certified title status reports, taking into account  
2 the anticipated complexity and volume of such re-  
3 quests.

4 (e) REPORT.—Not later than the date of the termi-  
5 nation of the Commission under subsection (h), the Com-  
6 mission shall submit a report to the Committee on Bank-  
7 ing and Financial Services of the House of Representa-  
8 tives and the Committee on Banking, Housing, and Urban  
9 Affairs of the Senate describing the analysis and deter-  
10 minations made pursuant to subsection (d).

11 (f) POWERS.—

12 (1) HEARINGS AND SESSIONS.—The Commis-  
13 sion may, for the purpose of carrying out this sec-  
14 tion, hold hearings, sit and act at times and places,  
15 take testimony, and receive evidence as the Commis-  
16 sion considers appropriate.

17 (2) STAFF OF FEDERAL AGENCIES.—Upon re-  
18 quest of the Commission, the head of any Federal  
19 department or agency may detail, on a reimbursable  
20 basis, any of the personnel of that department or  
21 agency to the Commission to assist it in carrying out  
22 its duties under this section.

23 (3) OBTAINING OFFICIAL DATA.—The Commis-  
24 sion may secure directly from any department or  
25 agency of the United States information necessary

1 to enable it to carry out this section. Upon request  
2 of the Chairperson of the Commission, the head of  
3 that department or agency shall furnish that infor-  
4 mation to the Commission.

5 (4) **MAILS.**—The Commission may use the  
6 United States mails in the same manner and under  
7 the same conditions as other departments and agen-  
8 cies of the United States.

9 (5) **ADMINISTRATIVE SUPPORT SERVICES.**—  
10 Upon the request of the Commission, the Adminis-  
11 trator of General Services shall provide to the Com-  
12 mission, on a reimbursable basis, the administrative  
13 support services necessary for the Commission to  
14 carry out its duties under this section.

15 (6) **STAFF.**—The Commission may appoint per-  
16 sonnel as it considers appropriate, subject to the  
17 provisions of title 5, United States Code, governing  
18 appointments in the competitive service, and shall  
19 pay such personnel in accordance with the provisions  
20 of chapter 51 and subchapter III of chapter 53 of  
21 that title relating to classification and General  
22 Schedule pay rates.

23 (g) **AUTHORIZATION OF APPROPRIATIONS.**—To carry  
24 out this section, there is authorized to be appropriated

1 \$500,000. Such sums shall remain available until ex-  
2 pended.

3 (h) TERMINATION.—The Commission shall terminate  
4 1 year after the date of the initial meeting of the Commis-  
5 sion.

6 **SEC. 702. LOAN GUARANTEES FOR INDIAN HOUSING.**

7 Section 184(i) of the Housing and Community Devel-  
8 opment Act of 1992 (12 U.S.C. 1715z–13a(i)) is  
9 amended—

10 (1) in paragraph (5), by striking subparagraph  
11 (C) and inserting the following new subparagraph:

12 “(C) LIMITATION ON OUTSTANDING AG-  
13 GREGATE PRINCIPAL AMOUNT.—Subject to the  
14 limitations in subparagraphs (A) and (B), the  
15 Secretary may enter into commitments to guar-  
16 antee loans under this section in each fiscal  
17 year with an aggregate outstanding principal  
18 amount not exceeding such amount as may be  
19 provided in appropriation Acts for such fiscal  
20 year.”; and

21 (2) in paragraph (7), by striking “each of fiscal  
22 years 1997, 1998, 1999, 2000, and 2001” and in-  
23 serting “each fiscal year”.

24 **SEC. 703. NATIVE AMERICAN HOUSING ASSISTANCE.**

25 (a) RESTRICTION ON WAIVER AUTHORITY.—

1           (1) IN GENERAL.—Section 101(b)(2) of the Na-  
2           tive American Housing Assistance and Self-Deter-  
3           mination Act of 1996 (25 U.S.C. 4111(b)(2)) is  
4           amended by striking “if the Secretary” and all that  
5           follows through the period at the end and inserting  
6           the following: “for a period of not more than 90  
7           days, if the Secretary determines that an Indian  
8           tribe has not complied with, or is unable to comply  
9           with, those requirements due to exigent cir-  
10          cumstances beyond the control of the Indian tribe.”.

11          (2) LOCAL COOPERATION AGREEMENT.—Sec-  
12          tion 101(c) of the Native American Housing Assist-  
13          ance and Self-Determination Act of 1996 (25 U.S.C.  
14          4111(c)) is amended by adding at the end the fol-  
15          lowing: “The Secretary may waive the requirements  
16          of this subsection and subsection (d) if the recipient  
17          has made a good faith effort to fulfill the require-  
18          ments of this subsection and subsection (d) and  
19          agrees to make payments in lieu of taxes to the ap-  
20          propriate taxing authority in an amount consistent  
21          with the requirements of subsection (d)(2) until such  
22          time as the matter of making such payments has  
23          been resolved in accordance with subsection (d).”.

24          (b) ASSISTANCE TO FAMILIES THAT ARE NOT LOW-  
25          INCOME.—Section 102(c) of the Native American Housing

1 Assistance and Self-Determination Act of 1996 (25 U.S.C.  
2 4112(c)) is amended by adding at the end the following:

3 “(6) CERTAIN FAMILIES.—With respect to as-  
4 sistance provided under section 201(b)(2) by a re-  
5 cipient to Indian families that are not low-income  
6 families, evidence that there is a need for housing  
7 for each such family during that period that cannot  
8 reasonably be met without such assistance.”.

9 (c) ELIMINATION OF WAIVER AUTHORITY FOR  
10 SMALL TRIBES.—Section 102 of the Native American  
11 Housing Assistance and Self-Determination Act of 1996  
12 (25 U.S.C. 4112) is amended—

13 (1) by striking subsection (f); and

14 (2) by redesignating subsection (g) as sub-  
15 section (f).

16 (d) ENVIRONMENTAL COMPLIANCE.—Section 105 of  
17 the Native American Housing Assistance and Self-Deter-  
18 mination Act of 1996 (25 U.S.C. 4115) is amended by  
19 adding at the end the following:

20 “(d) ENVIRONMENTAL COMPLIANCE.—The Secretary  
21 may waive the requirements under this section if the Sec-  
22 retary determines that a failure on the part of a recipient  
23 to comply with provisions of this section—

24 “(1) will not frustrate the goals of the National  
25 Environmental Policy Act of 1969 (42 U.S.C. 4331

1 et seq.) or any other provision of law that furthers  
2 the goals of that Act;

3 “(2) does not threaten the health or safety of  
4 the community involved by posing an immediate or  
5 long-term hazard to residents of that community;

6 “(3) is a result of inadvertent error, including  
7 an incorrect or incomplete certification provided  
8 under subsection (c)(1); and

9 “(4) may be corrected through the sole action  
10 of the recipient.”.

11 (e) OVERSIGHT.—

12 (1) REPAYMENT.—Section 209 of the Native  
13 American Housing Assistance and Self-Determina-  
14 tion Act of 1996 (25 U.S.C. 4139) is amended to  
15 read as follows:

16 **“SEC. 209. NONCOMPLIANCE WITH AFFORDABLE HOUSING**  
17 **REQUIREMENT.**

18 “If a recipient uses grant amounts to provide afford-  
19 able housing under this title, and at any time during the  
20 useful life of the housing the recipient does not comply  
21 with the requirement under section 205(a)(2), the Sec-  
22 retary shall take appropriate action under section  
23 401(a).”.

24 (2) AUDITS AND REVIEWS.—Section 405 of the  
25 Native American Housing Assistance and Self-De-

1 termination Act of 1996 (25 U.S.C. 4165) is amend-  
2 ed to read as follows:

3 **“SEC. 405. REVIEW AND AUDIT BY SECRETARY.**

4 “(a) REQUIREMENTS UNDER CHAPTER 75 OF TITLE  
5 31, UNITED STATES CODE.—An entity designated by an  
6 Indian tribe as a housing entity shall be treated, for pur-  
7 poses of chapter 75 of title 31, United States Code, as  
8 a non-Federal entity that is subject to the audit require-  
9 ments that apply to non-Federal entities under that chap-  
10 ter.

11 “(b) ADDITIONAL REVIEWS AND AUDITS.—

12 “(1) IN GENERAL.—In addition to any audit or  
13 review under subsection (a), to the extent the Sec-  
14 retary determines such action to be appropriate, the  
15 Secretary may conduct an audit or review of a re-  
16 cipient in order to—

17 “(A) determine whether the recipient—

18 “(i) has carried out—

19 “(I) eligible activities in a timely  
20 manner; and

21 “(II) eligible activities and cer-  
22 tification in accordance with this Act  
23 and other applicable law;

1                   “(ii) has a continuing capacity to  
2                   carry out eligible activities in a timely  
3                   manner; and

4                   “(iii) is in compliance with the Indian  
5                   housing plan of the recipient; and

6                   “(B) verify the accuracy of information  
7                   contained in any performance report submitted  
8                   by the recipient under section 404.

9                   “(2) ON-SITE VISITS.—To the extent prac-  
10                  ticable, the reviews and audits conducted under this  
11                  subsection shall include on-site visits by the appro-  
12                  priate official of the Department of Housing and  
13                  Urban Development.

14                  “(c) REVIEW OF REPORTS.—

15                  “(1) IN GENERAL.—The Secretary shall provide  
16                  each recipient that is the subject of a report made  
17                  by the Secretary under this section notice that the  
18                  recipient may review and comment on the report  
19                  during a period of not less than 30 days after the  
20                  date on which notice is issued under this paragraph.

21                  “(2) PUBLIC AVAILABILITY.—After taking into  
22                  consideration any comments of the recipient under  
23                  paragraph (1), the Secretary—

24                  “(A) may revise the report; and

1           “(B) not later than 30 days after the date  
2           on which those comments are received, shall  
3           make the comments and the report (with any  
4           revisions made under subparagraph (A)) readily  
5           available to the public.

6           “(d) EFFECT OF REVIEWS.—Subject to section  
7           401(a), after reviewing the reports and audits relating to  
8           a recipient that are submitted to the Secretary under this  
9           section, the Secretary may adjust the amount of a grant  
10          made to a recipient under this Act in accordance with the  
11          findings of the Secretary with respect to those reports and  
12          audits.”.

13          (f) ALLOCATION FORMULA.—Section 302(d)(1) of  
14          the Native American Housing Assistance and Self-Deter-  
15          mination Act of 1996 (25 U.S.C. 4152(d)(1)) is  
16          amended—

17                 (1) by striking “The formula,” and inserting  
18                 the following:

19                         “(A) IN GENERAL.—Except with respect to  
20                         an Indian tribe described in subparagraph (B),  
21                         the formula”; and

22                 (2) by adding at the end the following:

23                         “(B) CERTAIN INDIAN TRIBES.—With re-  
24                         spect to fiscal year 2001 and each fiscal year  
25                         thereafter, for any Indian tribe with an Indian

1 housing authority that owns or operates fewer  
2 than 250 public housing units, the formula  
3 shall provide that if the amount provided for a  
4 fiscal year in which the total amount made  
5 available for assistance under this Act is equal  
6 to or greater than the amount made available  
7 for fiscal year 1996 for assistance for the oper-  
8 ation and modernization of the public housing  
9 referred to in subparagraph (A), then the  
10 amount provided to that Indian tribe as mod-  
11 ernization assistance shall be equal to the aver-  
12 age annual amount of funds provided to the In-  
13 dian tribe (other than funds provided as emer-  
14 gency assistance) under the assistance program  
15 under section 14 of the United States Housing  
16 Act of 1937 (42 U.S.C. 1437l) for the period  
17 beginning with fiscal year 1992 and ending  
18 with fiscal year 1997.”.

19 (g) HEARING REQUIREMENT.—Section 401(a) of the  
20 Native American Housing Assistance and Self-Determina-  
21 tion Act of 1996 (25 U.S.C. 4161(a)) is amended—

22 (1) by redesignating paragraphs (1) through  
23 (4) as subparagraphs (A) through (D), respectively,  
24 and realigning such subparagraphs (as so redesign-

1 nated) so as to be indented 4 ems from the left mar-  
2 gin;

3 (2) by striking “Except as provided” and in-  
4 serting the following:

5 “(1) IN GENERAL.—Except as provided”;

6 (3) by striking “If the Secretary takes an ac-  
7 tion under paragraph (1), (2), or (3)” and inserting  
8 the following:

9 “(2) CONTINUANCE OF ACTIONS.—If the Sec-  
10 retary takes an action under subparagraph (A), (B),  
11 or (C) of paragraph (1)”;

12 (4) by adding at the end the following:

13 “(3) EXCEPTION FOR CERTAIN ACTIONS.—

14 “(A) IN GENERAL.—Notwithstanding any  
15 other provision of this subsection, if the Sec-  
16 retary makes a determination that the failure of  
17 a recipient of assistance under this Act to com-  
18 ply substantially with any material provision (as  
19 that term is defined by the Secretary) of this  
20 Act is resulting, and would continue to result,  
21 in a continuing expenditure of Federal funds in  
22 a manner that is not authorized by law, the  
23 Secretary may take an action described in para-  
24 graph (1)(C) before conducting a hearing.

1           “(B) PROCEDURAL REQUIREMENT.—If the  
2 Secretary takes an action described in subpara-  
3 graph (A), the Secretary shall—

4           “(i) provide notice to the recipient at  
5 the time that the Secretary takes that ac-  
6 tion; and

7           “(ii) conduct a hearing not later than  
8 60 days after the date on which the Sec-  
9 retary provides notice under clause (i).

10           “(C) DETERMINATION.—Upon completion  
11 of a hearing under this paragraph, the Sec-  
12 retary shall make a determination regarding  
13 whether to continue taking the action that is  
14 the subject of the hearing, or take another ac-  
15 tion under this subsection.”.

16           (h) PERFORMANCE AGREEMENT TIME LIMIT.—Sec-  
17 tion 401(b) of the Native American Housing Assistance  
18 and Self-Determination Act of 1996 (25 U.S.C. 4161(b))  
19 is amended—

20           (1) by striking “If the Secretary” and inserting  
21 the following:

22           “(1) IN GENERAL.—If the Secretary”;

23           (2) by striking “(1) is not” and inserting the  
24 following:

25           “(A) is not”;

1           (3) by striking “(2) is a result” and inserting  
2           the following:

3                     “(B) is a result”;

4           (4) in the flush material following paragraph  
5           (1)(B), as redesignated by paragraph (3) of this  
6           subsection—

7                     (A) by realigning such material so as to be  
8                     indented 2 ems from the left margin; and

9                     (B) by inserting before the period at the  
10                    end the following: “, if the recipient enters into  
11                    a performance agreement with the Secretary  
12                    that specifies the compliance objectives that the  
13                    recipient will be required to achieve by the ter-  
14                    mination date of the performance agreement”;  
15                    and

16           (5) by adding at the end the following:

17                    “(2) PERFORMANCE AGREEMENT.—The period  
18                    of a performance agreement described in paragraph  
19                    (1) shall be for 1 year.

20                    “(3) REVIEW.—Upon the termination of a per-  
21                    formance agreement entered into under paragraph  
22                    (1), the Secretary shall review the performance of  
23                    the recipient that is a party to the agreement.

1           “(4) EFFECT OF REVIEW.—If, on the basis of  
2 a review under paragraph (3), the Secretary deter-  
3 mines that the recipient—

4           “(A) has made a good faith effort to meet  
5 the compliance objectives specified in the agree-  
6 ment, the Secretary may enter into an addi-  
7 tional performance agreement for the period  
8 specified in paragraph (2); and

9           “(B) has failed to make a good faith effort  
10 to meet applicable compliance objectives, the  
11 Secretary shall determine the recipient to have  
12 failed to comply substantially with this Act, and  
13 the recipient shall be subject to an action under  
14 subsection (a).”.

15 (i) TECHNICAL AND CONFORMING AMENDMENTS.—

16           (1) TABLE OF CONTENTS.—Section 1(b) of the  
17 Native American Housing Assistance and Self-De-  
18 termination Act of 1996 (25 U.S.C. 4101 note) is  
19 amended in the table of contents—

20           (A) by striking the item relating to section  
21 206; and

22           (B) by striking the item relating to section  
23 209 and inserting the following:

“209. Noncompliance with affordable housing requirement.”.

24           (2) CERTIFICATION OF COMPLIANCE WITH SUB-  
25 SIDY LAYERING REQUIREMENTS.—Section 206 of

1 the Native American Housing Assistance and Self-  
2 Determination Act of 1996 (25 U.S.C. 4136) is re-  
3 pealed.

4 (3) TERMINATIONS.—Section 502(a) of the Na-  
5 tive American Housing Assistance and Self-Deter-  
6 mination Act of 1996 (25 U.S.C. 4181(a)) is amend-  
7 ed by adding at the end the following: “Any housing  
8 that is the subject of a contract for tenant-based as-  
9 sistance between the Secretary and an Indian hous-  
10 ing authority that is terminated under this section  
11 shall, for the following fiscal year and each fiscal  
12 year thereafter, be considered to be a dwelling unit  
13 under section 302(b)(1).”.

14 **TITLE VIII—TRANSFER OF UN-**  
15 **OCCUPIED AND SUB-**  
16 **STANDARD HUD-HELD HOUS-**  
17 **ING TO LOCAL GOVERN-**  
18 **MENTS AND COMMUNITY DE-**  
19 **VELOPMENT CORPORATIONS**

20 **SEC. 801. TRANSFER OF UNOCCUPIED AND SUBSTANDARD**  
21 **HUD-HELD HOUSING TO LOCAL GOVERN-**  
22 **MENTS AND COMMUNITY DEVELOPMENT**  
23 **CORPORATIONS.**

24 Section 204 of the Departments of Veterans Affairs  
25 and Housing and Urban Development, and Independent

1 Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–  
2 11a) is amended—

3           (1) by striking “FLEXIBLE AUTHORITY” and  
4           inserting “DISPOSITION OF HUD-OWNED PROP-  
5           ERTIES. (a) FLEXIBLE AUTHORITY FOR MULTI-  
6           FAMILY PROJECTS.—”; and

7           (2) by adding at the end the following new sub-  
8           section:

9           “(b) TRANSFER OF UNOCCUPIED AND SUBSTANDARD  
10          HOUSING TO LOCAL GOVERNMENTS AND COMMUNITY  
11          DEVELOPMENT CORPORATIONS.—

12           “(1) TRANSFER AUTHORITY.—Notwithstanding  
13          the authority under subsection (a) and the last sen-  
14          tence of section 204(g) of the National Housing Act  
15          (12 U.S.C. 1710(g)), the Secretary of Housing and  
16          Urban Development shall transfer ownership of any  
17          qualified HUD property, subject to the requirements  
18          of this section, to a unit of general local government  
19          having jurisdiction for the area in which the prop-  
20          erty is located or to a community development cor-  
21          poration which operates within such a unit of gen-  
22          eral local government in accordance with this sub-  
23          section, but only to the extent that units of general  
24          local government and community development cor-

1       porations consent to transfer and the Secretary de-  
2       termines that such transfer is practicable.

3           “(2) QUALIFIED HUD PROPERTIES.—For pur-  
4       poses of this subsection, the term ‘qualified HUD  
5       property’ means any property for which, as of the  
6       date that notification of the property is first made  
7       under paragraph (3)(B), not less than 6 months  
8       have elapsed since the later of the date that the  
9       property was acquired by the Secretary or the date  
10      that the property was determined to be unoccupied  
11      or substandard, that is owned by the Secretary and  
12      is—

13           “(A) an unoccupied multifamily housing  
14      project;

15           “(B) a substandard multifamily housing  
16      project; or

17           “(C) an unoccupied single family property  
18      that—

19           “(i) has been determined by the Sec-  
20      retary not to be an eligible property under  
21      section 204(h) of the National Housing  
22      Act (12 U.S.C. 1710(h)); or

23           “(ii) is an eligible property under such  
24      section 204(h), but—

1                   “(I) is not subject to a specific  
2                   sale agreement under such section;  
3                   and

4                   “(II) has been determined by the  
5                   Secretary to be inappropriate for con-  
6                   tinued inclusion in the program under  
7                   such section 204(h) pursuant to para-  
8                   graph (10) of such section.

9                   “(3) TIMING.—The Secretary shall establish  
10                  procedures that provide for—

11                  “(A) time deadlines for transfers under  
12                  this subsection;

13                  “(B) notification to units of general local  
14                  government and community development cor-  
15                  porations of qualified HUD properties in their  
16                  jurisdictions;

17                  “(C) such units and corporations to ex-  
18                  press interest in the transfer under this sub-  
19                  section of such properties;

20                  “(D) a right of first refusal for transfer of  
21                  qualified HUD properties to such units and cor-  
22                  porations, under which the Secretary shall ac-  
23                  cept an offer to purchase such a property made  
24                  by such a unit or corporation during a period  
25                  established by the Secretary, but in the case of

1 an offer made by a community development cor-  
2 poration only if the offer provides for purchase  
3 on a cost recovery basis; and

4 “(E) a written explanation, to any unit of  
5 general local government or community develop-  
6 ment corporation making an offer to purchase  
7 a qualified HUD property under this subsection  
8 that is not accepted, of the reason that such  
9 offer was not acceptable.

10 “(4) OTHER DISPOSITION.—With respect to  
11 any qualified HUD property, if the Secretary does  
12 not receive an acceptable offer to purchase the prop-  
13 erty pursuant to the procedure established under  
14 paragraph (3), the Secretary shall dispose of the  
15 property to the unit of general local government in  
16 which property is located or to community develop-  
17 ment corporations located in such unit of general  
18 local government on a negotiated, competitive bid, or  
19 other basis, on such terms as the Secretary deems  
20 appropriate.

21 “(5) SATISFACTION OF INDEBTEDNESS.—Be-  
22 fore transferring ownership of any qualified HUD  
23 property pursuant to this subsection, the Secretary  
24 shall satisfy any indebtedness incurred in connection

1 with the property to be transferred, by canceling the  
2 indebtedness.

3 “(6) DETERMINATION OF STATUS OF PROP-  
4 ERTIES.—To ensure compliance with the require-  
5 ments of this subsection, the Secretary shall take the  
6 following actions:

7 “(A) UPON ENACTMENT.—Upon the enact-  
8 ment of the American Homeownership and Eco-  
9 nomic Opportunity Act of 1999, the Secretary  
10 shall promptly assess each residential property  
11 owned by the Secretary to determine whether  
12 such property is a qualified HUD property.

13 “(B) UPON ACQUISITION.—Upon acquiring  
14 any residential property, the Secretary shall  
15 promptly determine whether the property is a  
16 qualified HUD property.

17 “(C) UPDATES.—The Secretary shall peri-  
18 odically reassess the residential properties  
19 owned by the Secretary to determine whether  
20 any such properties have become qualified  
21 HUD properties.

22 “(7) TENANT LEASES.—This subsection shall  
23 not affect the terms or the enforceability of any con-  
24 tract or lease entered into with respect to any resi-

1       dential property before the date that such property  
2       becomes a qualified HUD property.

3           “(8) USE OF PROPERTY.—Property transferred  
4       under this subsection shall be used only for appro-  
5       priate neighborhood revitalization efforts, including  
6       homeownership, rental units, commercial space, and  
7       parks, consistent with local zoning regulations, local  
8       building codes, and subdivision regulations and re-  
9       strictions of record.

10          “(9) INAPPLICABILITY TO PROPERTIES MADE  
11       AVAILABLE FOR HOMELESS.—Notwithstanding any  
12       other provision of this subsection, this subsection  
13       shall not apply to any properties that the Secretary  
14       determines are to be made available for use by the  
15       homeless pursuant to subpart E of part 291 of title  
16       24, Code of Federal Regulations, during the period  
17       that the properties are so available.

18          “(10) PROTECTION OF EXISTING CONTRACTS.—  
19       This subsection may not be construed to alter, af-  
20       fect, or annul any legally binding obligations entered  
21       into with respect to a qualified HUD property before  
22       the property becomes a qualified HUD property.

23          “(11) DEFINITIONS.—For purposes of this sub-  
24       section, the following definitions shall apply:

1           “(A) COMMUNITY DEVELOPMENT COR-  
2           PORATION.—The term ‘community development  
3           corporation’ means a nonprofit organization  
4           whose primary purpose is to promote commu-  
5           nity development by providing housing opportu-  
6           nities for low-income families.

7           “(B) COST RECOVERY BASIS.—The term  
8           ‘cost recovery basis’ means, with respect to any  
9           sale of a residential property by the Secretary,  
10          that the purchase price paid by the purchaser  
11          is equal to or greater than the sum of (i) the  
12          appraised value of the property, as determined  
13          in accordance with such requirements as the  
14          Secretary shall establish, and (ii) the costs in-  
15          curred by the Secretary in connection with such  
16          property during the period beginning on the  
17          date on which the Secretary acquires title to the  
18          property and ending on the date on which the  
19          sale is consummated.

20          “(C) MULTIFAMILY HOUSING PROJECT.—  
21          The term ‘multifamily housing project’ has the  
22          meaning given the term in section 203 of the  
23          Housing and Community Development Amend-  
24          ments of 1978.

1           “(D) RESIDENTIAL PROPERTY.—The term  
2           ‘residential property’ means a property that is  
3           a multifamily housing project or a single family  
4           property.

5           “(E) SECRETARY.—The term ‘Secretary’  
6           means the Secretary of Housing and Urban De-  
7           velopment.

8           “(F) SEVERE PHYSICAL PROBLEMS.—The  
9           term ‘severe physical problems’ means, with re-  
10          spect to a dwelling unit, that the unit—

11           “(i) lacks hot or cold piped water, a  
12           flush toilet, or both a bathtub and a show-  
13           er in the unit, for the exclusive use of that  
14           unit;

15           “(ii) on not less than 3 separate occa-  
16           sions during the preceding winter months,  
17           was uncomfortably cold for a period of  
18           more than 6 consecutive hours due to a  
19           malfunction of the heating system for the  
20           unit;

21           “(iii) has no functioning electrical  
22           service, exposed wiring, any room in which  
23           there is not a functioning electrical outlet,  
24           or has experienced 3 or more blown fuses

1 or tripped circuit breakers during the pre-  
2 ceding 90-day period;

3 “(iv) is accessible through a public  
4 hallway in which there are no working  
5 light fixtures, loose or missing steps or  
6 railings, and no elevator; or

7 “(v) has severe maintenance problems,  
8 including water leaks involving the roof,  
9 windows, doors, basement, or pipes or  
10 plumbing fixtures, holes or open cracks in  
11 walls or ceilings, severe paint peeling or  
12 broken plaster, and signs of rodent infesta-  
13 tion.

14 “(G) SINGLE FAMILY PROPERTY.—The  
15 term ‘single family property’ means a 1- to 4-  
16 family residence.

17 “(H) SUBSTANDARD.—The term ‘sub-  
18 standard’ means, with respect to a multifamily  
19 housing project, that 25 percent or more of the  
20 dwelling units in the project have severe phys-  
21 ical problems.

22 “(I) UNIT OF GENERAL LOCAL GOVERN-  
23 MENT.—The term ‘unit of general local govern-  
24 ment’ has the meaning given such term in sec-

1           tion 102(a) of the Housing and Community De-  
2           velopment Act of 1974.

3           “(J) UNOCCUPIED.—The term ‘unoccu-  
4           pied’ means, with respect to a residential prop-  
5           erty, that the unit of general local government  
6           having jurisdiction over the area in which the  
7           project is located has certified in writing that  
8           the property is not inhabited.

9           “(12) REGULATIONS.—

10           “(A) INTERIM.—Not later than 30 days  
11           after the date of the enactment of the American  
12           Homeownership and Economic Opportunity Act  
13           of 1999, the Secretary shall issue such interim  
14           regulations as are necessary to carry out this  
15           subsection.

16           “(B) FINAL.—Not later than 60 days after  
17           the date of the enactment of the American  
18           Homeownership and Economic Opportunity Act  
19           of 1999, the Secretary shall issue such final  
20           regulations as are necessary to carry out this  
21           subsection.”.

1 **TITLE IX—PRIVATE MORTGAGE**  
2 **INSURANCE CANCELLATION**  
3 **AND TERMINATION**

4 **SECTION 901. SHORT TITLE.**

5 This title may be cited as the “Private Mortgage In-  
6 surance Technical Corrections and Clarification Act”.

7 **SEC. 902. CHANGES IN AMORTIZATION SCHEDULE.**

8 (a) TREATMENT OF ADJUSTABLE RATE MORT-  
9 GAGES.—The Homeowners Protection Act of 1998 (12  
10 U.S.C. 4901 et seq.) is amended—

11 (1) in section 2—

12 (A) in paragraph (2)(B)(i), by striking  
13 “amortization schedules” and inserting “the  
14 amortization schedule then in effect”;

15 (B) in paragraph (16)(B), by striking  
16 “amortization schedules” and inserting “the  
17 amortization schedule then in effect”;

18 (C) by redesignating paragraphs (6)  
19 through (16) (as amended by the preceding pro-  
20 visions of this paragraph) as paragraphs (8)  
21 through (18), respectively; and

22 (D) by inserting after paragraph (5) the  
23 following new paragraph:

24 “(6) AMORTIZATION SCHEDULE THEN IN EF-  
25 FECT.—The term ‘amortization schedule then in ef-

1       fect’ means, with respect to an adjustable rate mort-  
2       gage, a schedule established at the time at which the  
3       residential mortgage transaction is consummated or,  
4       if such schedule has been changed or recalculated, is  
5       the most recent schedule under the terms of the note  
6       or mortgage, which shows—

7               “(A) the amount of principal and interest  
8               that is due at regular intervals to retire the  
9               principal balance and acerued interest over the  
10              remaining amortization period of the loan; and

11              “(B) the unpaid balance of the loan after  
12              each such scheduled payment is made.”; and

13              (2) in section 3(f)(1)(B)(ii), by striking “amor-  
14              tization schedules” and inserting “the amortization  
15              schedule then in effect”.

16       (b) TREATMENT OF BALLOON MORTGAGES.—Para-  
17       graph (1) of section 2 of the Homeowners Protection Act  
18       of 1998 (12 U.S.C. 4901(1)) is amended by adding at the  
19       end the following new sentence: “A residential mortgage  
20       that (A) does not fully amortize over the term of the obli-  
21       gation, and (B) contains a conditional right to refinance  
22       or modify the unamortized principal at the maturity date  
23       of the term, shall be considered to be an adjustable rate  
24       mortgage for purposes of this Act.”.

25       (c) TREATMENT OF LOAN MODIFICATIONS.—

1           (1) IN GENERAL.—Section 3 of the Home-  
2 owners Protection Act of 1998 (12 U.S.C. 4902) is  
3 amended—

4           (A) by redesignating subsections (d)  
5 through (f) as subsections (e) through (g), re-  
6 spectively; and

7           (B) by inserting after subsection (c) the  
8 following new subsection:

9           “(d) TREATMENT OF LOAN MODIFICATIONS.—If a  
10 mortgagor and mortgagee (or holder of the mortgage)  
11 agree to a modification of the terms or conditions of a  
12 loan pursuant to a residential mortgage transaction, the  
13 cancellation date, termination date, or final termination  
14 shall be recalculated to reflect the modified terms and con-  
15 ditions of such loan.”.

16           (2) CONFORMING AMENDMENTS.—Section 4(a)  
17 of the Homeowners Protection Act of 1998 (12  
18 U.S.C. 4903(a)) is amended—

19           (A) in paragraph (1)—

20           (i) in the matter preceding subpara-  
21 graph (A), by striking “section 3(f)(1)”  
22 and inserting “section 3(g)(1)”;

23           (ii) in subparagraph (A)(ii)(IV), by  
24 striking “section 3(f)” and inserting “sec-  
25 tion 3(g)”;

1 (iii) in subparagraph (B)(iii), by strik-  
2 ing “section 3(f)” and inserting “section  
3 3(g)”;

4 (B) in paragraph (2), by striking “section  
5 3(f)(1)” and inserting “section 3(g)(1)”.

6 **SEC. 903. DELETION OF AMBIGUOUS REFERENCES TO RESI-**  
7 **DENTIAL MORTGAGES.**

8 (a) **TERMINATION OF PRIVATE MORTGAGE INSUR-**  
9 **ANCE.**—Section 3 of the Homeowners Protection Act of  
10 1998 (12 U.S.C. 4902) is amended—

11 (1) in subsection (c), by inserting “on residen-  
12 tial mortgage transactions” after “imposed”; and

13 (2) in subsection (g) (as so redesignated by sec-  
14 tion 902(c)(1)(A) of this title)—

15 (A) in paragraph (1), in the matter pre-  
16 ceding subparagraph (A), by striking “mort-  
17 gage or”;

18 (B) in paragraph (2), by striking “mort-  
19 gage or”; and

20 (C) in paragraph (3), by striking “mort-  
21 gage or” and inserting “residential mortgage or  
22 residential”.

23 (b) **DISCLOSURE REQUIREMENTS.**—Section 4 of the  
24 Homeowners Protection Act of 1998 (12 U.S.C. 4903(a))  
25 is amended—

- 1 (1) in subsection (a)—
- 2 (A) in paragraph (1)—
- 3 (i) by striking “mortgage or” the first
- 4 place it appears; and
- 5 (ii) by striking “mortgage or” the sec-
- 6 ond place it appears and inserting “resi-
- 7 dential”; and
- 8 (B) in paragraph (2), by striking “mort-
- 9 gage or” and inserting “residential”;
- 10 (2) in subsection (c), by striking “paragraphs
- 11 (1)(B) and (3) of subsection (a)” and inserting
- 12 “subsection (a)(3)”; and
- 13 (3) in subsection (d), by inserting before the pe-
- 14 riod at the end the following: “, which disclosures
- 15 shall relate to the mortgagor’s rights under this
- 16 Act”.
- 17 (c) DISCLOSURE REQUIREMENTS FOR LENDER-PAID
- 18 MORTGAGE INSURANCE.—Section 6 of the Homeowners
- 19 Protection Act of 1998 (12 U.S.C. 4905) is amended—
- 20 (1) in subsection (c)—
- 21 (A) in the matter preceding paragraph (1),
- 22 by striking “a residential mortgage or”; and
- 23 (B) in paragraph (2), by inserting “trans-
- 24 action” after “residential mortgage”; and

1           (2) in subsection (d), by inserting “transaction”  
2           after “residential mortgage”.

3 **SEC. 904. CANCELLATION RIGHTS AFTER CANCELLATION**

4                           **DATE.**

5           Section 3 of the Homeowners Protection Act of 1998  
6 (12 U.S.C. 4902) is amended—

7           (1) in subsection (a)—

8                           (A) in the matter preceding paragraph (1),  
9                           by inserting after “cancellation date” the fol-  
10                           lowing: “or any later date that the mortgagor  
11                           fulfills all of the requirements under paragraphs  
12                           (1) through (4)”;

13                           (B) in paragraph (2), by striking “and” at  
14                           the end;

15                           (C) by redesignating paragraph (3) as  
16                           paragraph (4); and

17                           (D) by inserting after paragraph (2) the  
18                           following new paragraph:

19                           “(3) is current on the payments required by the  
20                           terms of the residential mortgage transaction; and”;  
21                           and

22                           (2) in subsection (e)(1)(B) (as so redesignated  
23                           by section 902(c)(1)(A) of this title), by striking  
24                           “subsection “(a)(3)” and inserting “subsection  
25                           (a)(4)”.

1 **SEC. 905. CLARIFICATION OF CANCELLATION AND TERMI-**  
2 **NATION ISSUES AND LENDER PAID MORT-**  
3 **GAGE INSURANCE DISCLOSURE REQUIRE-**  
4 **MENTS.**

5 (a) GOOD PAYMENT HISTORY.—Section 2(4) of the  
6 Homeowners Protection Act of 1998 (12 U.S.C. 4901(4))  
7 is amended—

8 (1) in subparagraph (A)—

9 (A) by inserting “the later of (i)” before  
10 “the date”; and

11 (ii) by inserting “, or (ii) the date  
12 that the mortgagor submits a request for  
13 cancellation under section 3(a)(1)” before  
14 the semicolon; and

15 (B) in subparagraph (B)—

16 (i) by inserting “the later of (i)” be-  
17 fore “the date”; and

18 (ii) by inserting “, or (ii) the date  
19 that the mortgagor submits a request for  
20 cancellation under section 3(a)(1)” before  
21 the period at the end.

22 (b) AUTOMATIC TERMINATION.—Paragraph (2) of  
23 section 3(b) of the Homeowners Protection Act of 1998  
24 (12 U.S.C. 4902(b)(2)) is amended to read as follows:

25 “(2) if the mortgagor is not current on the ter-  
26 mination date, on the first day of the first month be-

1       ginning after the date that the mortgagor becomes  
2       current on the payments required by the terms of  
3       the residential mortgage transaction.”

4       (c) PREMIUM PAYMENTS.—Section 3 of the Home-  
5       owners Protection Act of 1998 (12 U.S.C. 4902) is  
6       amended by adding at the end the following new sub-  
7       section:

8       “(h) ACCRUED OBLIGATION FOR PREMIUM PAY-  
9       MENTS.—The cancellation or termination under this sec-  
10      tion of the private mortgage insurance of a mortgagor  
11      shall not affect the rights of any mortgagee, servicer, or  
12      mortgage insurer to enforce any obligation of such mort-  
13      gagor for premium payments accrued prior to the date on  
14      which such cancellation or termination occurred.”.

15      **SEC. 906. DEFINITIONS.**

16      (a) REFINANCED.—Section 6(c)(1)(B)(ii) of the  
17      Homeowners Protection Act of 1998 (12 U.S.C.  
18      4905(c)(1)(B)(ii)) is amended by inserting after “refi-  
19      nanced” the following: “(under the meaning given such  
20      term in the regulations issued by the Board of Governors  
21      of the Federal Reserve System to carry out the Truth in  
22      Lending Act (15 U.S.C. 1601 et seq.))”.

23      (b) MIDPOINT OF THE AMORTIZATION PERIOD.—  
24      Section 2 of the Homeowners Protection Act of 1998 (12  
25      U.S.C. 4901) is amended by inserting after paragraph (6)

1 (as added by section 2(a)(1)(D) of this Act) the following  
2 new paragraph:

3           “(7) MIDPOINT OF THE AMORTIZATION PE-  
4           RIOD.—The term “midpoint of the amortization pe-  
5           riod” means, with respect to a residential mortgage  
6           transaction, the point in time that is halfway  
7           through the period that begins upon the first day of  
8           the amortization period established at the time a  
9           residential mortgage transaction is consummated  
10          and ends upon the completion of the entire period  
11          over which the mortgage is scheduled to be amor-  
12          tized.”.

13          (c) ORIGINAL VALUE.—Section 2(12) of the Home-  
14          owners Protection Act of 1998 (12 U.S.C. 4901(10)) (as  
15          so redesignated by section 902(a)(1)(C) of this Act) is  
16          amended—

17               (1) by inserting “transaction” after “a residen-  
18               tial mortgage”; and

19               (2) by adding at the end the following new sen-  
20               tence: “In the case of a residential mortgage trans-  
21               action for refinancing the principal residence of the  
22               mortgagor, such term means only the appraised  
23               value relied upon by the mortgagee to approve the  
24               refinance transaction.”.

1 (d) PRINCIPAL RESIDENCE.—Section 2 of the Home-  
2 owners Protection Act of 1998 (12 U.S.C. 4901) is  
3 amended—

4 (1) in paragraph (14) (as so redesignated by  
5 section 902(a)(1)(C) of this Act) by striking “pri-  
6 mary” and inserting “principal”; and

7 (2) in paragraph (15) (as so redesignated by  
8 section 902(a)(1)(C) of this Act) by striking “pri-  
9 mary” and inserting “principal”;

10 **TITLE X—RURAL HOUSING**  
11 **HOMEOWNERSHIP**

12 **SEC. 1001. PROMISSORY NOTE REQUIREMENT UNDER**  
13 **HOUSING REPAIR LOAN PROGRAM.**

14 The fourth sentence of section 504(a) of the Housing  
15 Act of 1949 (42 U.S.C. 1474(a)) is amended by striking  
16 “\$2,500” and inserting “\$7,500”.

17 **SEC. 1002. LIMITED PARTNERSHIP ELIGIBILITY FOR FARM**  
18 **LABOR HOUSING LOANS.**

19 The first sentence of section 514(a) of the Housing  
20 Act of 1949 (42 U.S.C. 1484(a)) is amended by striking  
21 “nonprofit limited partnership” and inserting “limited  
22 partnership”.

1 **SEC. 1003. PROJECT ACCOUNTING RECORDS AND PRAC-**  
2 **TICES.**

3 Section 515 of the Housing Act of 1949 (42 U.S.C.  
4 1485) is amended by striking subsection (z) and inserting  
5 the following new subsections:

6 “(z) ACCOUNTING AND RECORDKEEPING REQUIRE-  
7 MENTS.—

8 “(1) ACCOUNTING STANDARDS.—The Secretary  
9 shall require that borrowers in programs authorized  
10 by this section maintain accounting records in ac-  
11 cordance with generally accepted accounting prin-  
12 ciples for all projects that receive funds from loans  
13 made or guaranteed by the Secretary under this sec-  
14 tion.

15 “(2) RECORD RETENTION REQUIREMENTS.—  
16 The Secretary shall require that borrowers in pro-  
17 grams authorized by this section retain for a period  
18 of not less than 6 years and make available to the  
19 Secretary in a manner determined by the Secretary,  
20 all records required to be maintained under this sub-  
21 section and other records identified by the Secretary  
22 in applicable regulations.

23 “(aa) DOUBLE DAMAGES FOR UNAUTHORIZED USE  
24 OF HOUSING PROJECTS ASSETS AND INCOME.—

25 “(1) ACTION TO RECOVER ASSETS OR IN-  
26 COME.—

1           “(A) IN GENERAL.—The Secretary may re-  
2           quest the Attorney General to bring an action  
3           in a United States district court to recover any  
4           assets or income used by any person in violation  
5           of the provisions of a loan made or guaranteed  
6           by the Secretary under this section or in viola-  
7           tion of any applicable statute or regulation.

8           “(B) IMPROPER DOCUMENTATION.—For  
9           purposes of this subsection, a use of assets or  
10          income in violation of the applicable loan, loan  
11          guarantee, statute, or regulation shall include  
12          any use for which the documentation in the  
13          books and accounts does not establish that the  
14          use was made for a reasonable operating ex-  
15          pense or necessary repair of the project or for  
16          which the documentation has not been main-  
17          tained in accordance with the requirements of  
18          the Secretary and in reasonable condition for  
19          proper audit.

20          “(C) DEFINITION.—For the purposes of  
21          this subsection, the term ‘person’ means—

22                 “(i) any individual or entity that bor-  
23                 rows funds in accordance with programs  
24                 authorized by this section;

1           “(ii) any individual or entity holding  
2           25 percent or more interest of any entity  
3           that borrows funds in accordance with pro-  
4           grams authorized by this section; and

5           “(iii) any officer, director, or partner  
6           of an entity that borrows funds in accord-  
7           ance with programs authorized by this sec-  
8           tion.

9           “(2) AMOUNT RECOVERABLE.—

10           “(A) IN GENERAL.—In any judgment fa-  
11           vorable to the United States entered under this  
12           subsection, the Attorney General may recover  
13           double the value of the assets and income of the  
14           project that the court determines to have been  
15           used in violation of the provisions of a loan  
16           made or guaranteed by the Secretary under this  
17           section or any applicable statute or regulation,  
18           plus all costs related to the action, including  
19           reasonable attorney and auditing fees.

20           “(B) APPLICATION OF RECOVERED  
21           FUNDS.—Notwithstanding any other provision  
22           of law, the Secretary use amounts recovered  
23           under this subsection for activities authorized  
24           under this section and such funds shall remain  
25           available for such use until expended.

1           “(3) TIME LIMITATION.—Notwithstanding any  
2 other provision of law, an action under this sub-  
3 section may be commenced at any time during the  
4 6-year period beginning on the date that the Sec-  
5 retary discovered or should have discovered the vio-  
6 lation of the provisions of this section or any related  
7 statutes or regulations.

8           “(4) CONTINUED AVAILABILITY OF OTHER  
9 REMEDIES.—The remedy provided in this subsection  
10 is in addition to and not in substitution of any other  
11 remedies available to the Secretary or the United  
12 States.”.

13 **SEC. 1004. OPERATING ASSISTANCE FOR MIGRANT FARM-**  
14 **WORKERS PROJECTS.**

15       The last sentence of section 521(a)(5)(A) of the  
16 Housing Act of 1949 (42 U.S.C. 1490a(a)(5)(A)) is  
17 amended by striking “project” and inserting “tenant or  
18 unit”.

19 **SEC. 1005. ELIMINATION OF HOUSING PRESERVATION**  
20 **GRANTS ALLOCATION FORMULA.**

21       Section 533 of the Housing Act of 1949 (42 U.S.C.  
22 1490m) is amended—

23           (1) by striking subsection (c);

24           (2) in subsection (d)(3)(H), by striking  
25 “(e)(1)(B)(iv)” and inserting “(d)(1)(B)(iv)”; and

1           (3) by redesignating subsections (d) through (i)  
2           as subsections (c) through (h), respectively.

3 **SEC. 1006. MULTIFAMILY RENTAL HOUSING LOAN GUAR-**  
4 **ANTEE PROGRAM.**

5           Section 538 of the Housing Act of 1949 (42 U.S.C.  
6 1490p-2) is amended—

7           (1) in subsection (e), by inserting “an Indian  
8           organization,” after “thereof,”;

9           (2) in subsection (f)—

10           (A) by striking paragraph (1) and insert-  
11           ing the following new paragraph:

12           “(1) be made for a period of not less than 25  
13           nor greater than 40 years from the date the loan  
14           was made and may provide for amortization of the  
15           loan over a period of not to exceed 40 years with a  
16           final payment of the balance due at the end of the  
17           loan term;”;

18           (B) in paragraph (3), by inserting “and”  
19           after the semicolon at the end;

20           (C) in paragraph (4), by striking “; and”  
21           and inserting a period; and

22           (D) by striking paragraph (5);

23           (3) in subsection (i)(2), by striking “(A) con-  
24           veyance to the Secretary” and all that follows  
25           through “(C) assignment” and inserting “(A) sub-

1 mission to the Secretary of a claim for payment  
2 under the guarantee, and (B) assignment”;

3 (4) in subsection (s), by adding at the end the  
4 following new subsection:

5 “(4) INDIAN ORGANIZATION.—The term ‘Indian  
6 organization’ means the governing body of an Indian  
7 tribe, band, group, pueblo, or community, including  
8 native villages or native groups, as defined by the  
9 Alaska Claims Settlement Act (43 U.S.C. 1601 et  
10 seq.), (including corporations organized by the  
11 Kenai, Juneau, Sitka, and Kodiak) which is eligible  
12 for services from the Bureau of Indian Affairs or an  
13 entity established or recognized by the governing  
14 body for the purpose of financing economic develop-  
15 ment.”;

16 (5) in subsection (t), by inserting before the pe-  
17 riod at the end the following: “to provide guarantees  
18 under this section for eligible loans having an aggre-  
19 gate principal amount of \$500,000,000”;

20 (6) by striking subsection (l);

21 (7) by redesignating subsections (m) through  
22 (u) as subsections (l) through (t), respectively;

23 (8) by adding at the end the following new sub-  
24 sections:

25 “(u) FEE AUTHORITY.—

1           “(1) IN GENERAL.—Any amounts collected by  
2           the Secretary pursuant to the fees charged to lend-  
3           ers for loan guarantees issued under this section  
4           shall be used to offset costs (as defined by section  
5           502 of the Congressional Budget Act of 1974 (2  
6           U.S.C. 661a)) of loan guarantees made under this  
7           section.

8           “(2) EXCESS FUNDS.—Any fees described in  
9           paragraph (1) collected in excess of the amount re-  
10          quired in paragraph (1) during a fiscal year, shall  
11          be available to the Secretary, without further appro-  
12          priation and without fiscal year limitation, for use  
13          by the Secretary for costs of administering (includ-  
14          ing monitoring) program activities authorized pursu-  
15          ant to this section and shall be in addition to other  
16          funds made available for this purpose.

17          “(v) DEFAULTS OF LOANS SECURED BY RESERVA-  
18          TION LANDS.—In the event of a default involving a loan  
19          to an Indian tribe or tribal corporation made under this  
20          section which is secured by an interest in land within such  
21          tribe’s reservation (as determined by the Secretary of the  
22          Interior), including a community in Alaska incorporated  
23          by the Secretary of the Interior pursuant to the Indian  
24          Reorganization Act (25 U.S.C. 461 et seq.), the lender  
25          shall only pursue liquidation after offering to transfer the

1 account to an eligible tribal member, the tribe, the Indian  
2 housing authority serving the tribe. If the lender subse-  
3 quently proceeds to liquidate the account, the lender shall  
4 not sell, transfer, or otherwise dispose of or alienate the  
5 property except to one of the entities described in the pre-  
6 ceding sentence.”.

7 **SEC. 1007. ENFORCEMENT PROVISIONS.**

8 (a) IN GENERAL.—Title V of the Housing Act of  
9 1949 (42 U.S.C. 1471 et seq.) is amended by adding after  
10 section 542 the following:

11 **“SEC. 543. ENFORCEMENT PROVISIONS.**

12 “(a) EQUITY SKIMMING.—

13 “(1) CRIMINAL PENALTY.—Whoever, as an  
14 owner, agent, employee, or manager, or is otherwise  
15 in custody, control, or possession of property that is  
16 security for a loan made or guaranteed under this  
17 title, willfully uses, or authorizes the use, of any part  
18 of the rents, assets, proceeds, income, or other funds  
19 derived from such property, for any purpose other  
20 than to meet actual, reasonable, and necessary ex-  
21 penses of the property, or for any other purpose not  
22 authorized by this title or the regulations adopted  
23 pursuant to this title, shall be fined under title 18,  
24 United States Code, or imprisoned not more than 5  
25 years, or both.

1           “(2) CIVIL SANCTIONS.—An entity or individual  
2           who as an owner, operator, employee, or manager, or  
3           who acts as an agent for a property that is security  
4           for a loan made or guaranteed under this title where  
5           any part of the rents, assets, proceeds, income, or  
6           other funds derived from such property are used for  
7           any purpose other than to meet actual, reasonable,  
8           and necessary expenses of the property, or for any  
9           other purpose not authorized by this title or the reg-  
10          ulations adopted pursuant to this title, shall be sub-  
11          ject to a fine of not more than \$25,000 per viola-  
12          tion. The sanctions provided in this paragraph may  
13          be imposed in addition to any other civil sanctions  
14          or civil monetary penalties authorized by law.

15          “(b) CIVIL MONETARY PENALTIES.—

16                 “(1) IN GENERAL.—The Secretary may, after  
17                 notice and opportunity for a hearing, impose a civil  
18                 monetary penalty in accordance with this subsection  
19                 against any individual or entity, including its own-  
20                 ers, officers, directors, general partners, limited  
21                 partners, or employees, who knowingly and materi-  
22                 ally violate, or participate in the violation of, the  
23                 provisions of this title, the regulations issued by the  
24                 Secretary pursuant to this title, or agreements made  
25                 in accordance with this title, by—

1           “(A) submitting information to the Sec-  
2           retary that is false;

3           “(B) providing the Secretary with false  
4           certifications;

5           “(C) failing to submit information re-  
6           quested by the Secretary in a timely manner;

7           “(D) failing to maintain the property sub-  
8           ject to loans made or guaranteed under this  
9           title in good repair and condition, as deter-  
10          mined by the Secretary;

11          “(E) failing to provide management for a  
12          project which received a loan made or guaran-  
13          teed under this title that is acceptable to the  
14          Secretary; or

15          “(F) failing to comply with the provisions  
16          of applicable civil rights statutes and regula-  
17          tions.

18          “(2) CONDITIONS FOR RENEWAL OR EXTEN-  
19          SION.—The Secretary may require that expiring loan  
20          or assistance agreements entered into under this  
21          title shall not be renewed or extended unless the  
22          owner executes an agreement to comply with addi-  
23          tional conditions prescribed by the Secretary, or exe-  
24          cutes a new loan or assistance agreement in the  
25          form prescribed by the Secretary.

1 “(3) AMOUNT.—

2 “(A) IN GENERAL.—The amount of a civil  
3 monetary penalty imposed under this subsection  
4 shall not exceed the greater of—

5 “(i) twice the damages the Depart-  
6 ment of Agriculture, the guaranteed lend-  
7 er, or the project that is secured for a loan  
8 under this section suffered or would have  
9 suffered as a result of the violation; or

10 “(ii) \$50,000 per violation.

11 “(B) DETERMINATION.—In determining  
12 the amount of a civil monetary penalty under  
13 this subsection, the Secretary shall take into  
14 consideration—

15 “(i) the gravity of the offense;

16 “(ii) any history of prior offenses by  
17 the violator (including offenses occurring  
18 prior to the enactment of this section);

19 “(iii) the ability of the violator to pay  
20 the penalty;

21 “(iv) any injury to tenants;

22 “(v) any injury to the public;

23 “(vi) any benefits received by the vio-  
24 lator as a result of the violation;

1                   “(vii) deterrence of future violations;  
2                   and

3                   “(viii) such other factors as the Sec-  
4                   retary may establish by regulation.

5                   “(4) PAYMENT OF PENALTIES.—No payment of  
6                   a penalty assessed under this section may be made  
7                   from funds provided under this title or from funds  
8                   of a project which serve as security for a loan made  
9                   or guaranteed under this title.

10                  “(5) REMEDIES FOR NONCOMPLIANCE.—

11                  “(A) JUDICIAL INTERVENTION.—If a per-  
12                  son or entity fails to comply with a final deter-  
13                  mination by the Secretary imposing a civil mon-  
14                  etary penalty under this subsection, the Sec-  
15                  retary may request the Attorney General of the  
16                  United States to bring an action in an appro-  
17                  priate United States district court to obtain a  
18                  monetary judgment against such individual or  
19                  entity and such other relief as may be available.  
20                  The monetary judgment may, in the court’s dis-  
21                  cretion, include the attorney’s fees and other  
22                  expenses incurred by the United States in con-  
23                  nection with the action.

24                  “(B) REVIEWABILITY OF DETERMINA-  
25                  TION.—In an action under this paragraph, the

1           validity and appropriateness of a determination  
2           by the Secretary imposing the penalty shall not  
3           be subject to review.”.

4           (b) CONFORMING AMENDMENT.—Section 514 of the  
5 Housing Act of 1949 (42 U.S.C. 1484) is amended by  
6 striking subsection (j).

7 **SEC. 1008. AMENDMENTS TO TITLE 18 OF THE UNITED**  
8 **STATES CODE.**

9           (a) MONEY LAUNDERING.—Section 1956(c)(7)(D) of  
10 title 18, United States Code, is amended by inserting “any  
11 violation of section 543(a)(1) of the Housing Act of 1949  
12 (relating to equity skimming),” after “coupons having a  
13 value of not less than \$5,000,”.

14           (b) OBSTRUCTION OF FEDERAL AUDITS.—Section  
15 1516(a) of title 18, United States Code, is amended by  
16 inserting “or relating to any property that is security for  
17 a loan that is made or guaranteed under title V of the  
18 Housing Act of 1949,” before “shall be fined under this  
19 title”.

1 **TITLE XI—ADDITIONAL HOME**  
2 **INVESTMENT PARTNERSHIPS**  
3 **PROVISIONS**

4 **SEC. 1101. USE OF SECTION 8 ASSISTANCE BY “GRAND-FAM-**  
5 **ILIES” TO RENT DWELLING UNITS IN**  
6 **PROJECTS ASSISTED UNDER HOME PRO-**  
7 **GRAM.**

8 Section 215(a) of the Cranston-Gonzalez National  
9 Affordable Housing Act (42 U.S.C. 12745(a)), as amend-  
10 ed by the preceding provisions of this Act, is further  
11 amended by adding at the end the following new para-  
12 graph:

13 “(7) WAIVER OF QUALIFYING RENT.—

14 “(A) IN GENERAL.—For the purpose of  
15 providing affordable housing appropriate for  
16 families described in subparagraph (B), the  
17 Secretary may, upon the application of the  
18 project owner, waive the applicability of sub-  
19 paragraph (A) of paragraph (1) with respect to  
20 a dwelling unit if—

21 “(i) the unit is occupied by such a  
22 family, on whose behalf tenant-based as-  
23 sistance is provided under section 8 of the  
24 United States Housing Act of 1937 (42  
25 U.S.C. 1437f);

1           “(ii) the rent for the unit is not great-  
2           er than the existing fair market rent for  
3           comparable units in the area, as estab-  
4           lished by the Secretary under section 8 of  
5           the United States Housing Act of 1937;

6           “(iii) the owner makes commitments,  
7           satisfactory in the determination of the  
8           Secretary, to use any increase in assistance  
9           payments for such unit under section 8 of  
10          the United States Housing Act of 1937 re-  
11          sulting from the waiver under this para-  
12          graph only for providing design features to  
13          facilitate housing of families described in  
14          subparagraph (B); and

15          “(iv) the Secretary determines that  
16          the waiver, together with waivers under  
17          this paragraph for other dwelling units in  
18          the project, will result in the use of  
19          amounts described in clause (iii) in an ef-  
20          fective manner that will improve the provi-  
21          sion of affordable housing for such fami-  
22          lies.

23          “(B) ELIGIBLE FAMILIES.—A family de-  
24          scribed in this subparagraph is a family that  
25          consists of at least one elderly person (who is

1           the head of household) and such person's  
2           grandchild or grandchildren (as defined by the  
3           Secretary), but does not include any parent of  
4           such grandchildren.”.